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EQUIPMENT LEASE

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INTERSTATE COMMERCE COMMISSION

THIS EQUIPMENT LEASE dated the 20th day of February, 1976, ("Lease") between GREYHOUND LEASING & FINANCIAL CORPORATION, a Delaware Corporation, ("Lessor") and PARKER BROTHERS & CO., INC., a Texas Corporation ("Lessee").

WITNESSETH:

WHEREAS, subject to certain limitations on the aggregate purchase price contained herein, Lessor has agreed to purchase fifty-five (55) standard rapid discharge bottom dump three-pocket rail cars described on Exhibit A hereto, which by this reference is incorporated herein as if set forth in its entirety, and herein sometimes referred to individually as "Car" or collectively as "Cars," and to lease the Cars to Lessee and Lessee has agreed to lease the Cars from Lessor; and

WHEREAS, Lessee has entered into a purchase agreement (the "Purchase Agreement") whereby the manufacturer of the Cars has agreed to sell and Lessee has agreed to purchase the Cars; and

WHEREAS, the Cars are to be manufactured in accordance with the specifications approved by Lessee (the "Specifications"); and

WHEREAS, Lessee desires that Lessor fulfill Lessee's commitment to purchase the Cars and lease them to Lessee in accordance with the terms and conditions set forth in this Lease; and

WHEREAS, Lessee represents that all acts and things necessary to make this Lease valid and binding on Lessee have been done and performed;

NOW, THEREFORE, in consideration of the premises and of the rentals to be paid and the covenants hereinafter mentioned to be kept and performed by Lessee, Lessor hereby leases the Cars to Lessee and Lessee hereby hires the Cars from Lessor, on the following terms and conditions.

1. LEASE, DELIVERY AND ACCEPTANCE OF CARS

1.(a) Lessor's obligations hereunder shall be limited to the purchase of a number of Cars having an average Cost per Car not to exceed \$28,000.00 and a total aggregate Cost of not to exceed

\$1,540,000.00, inclusive of taxes which may be applicable to the purchase thereof.

1. (b) As soon as the Cars are available for purchase, the Lessor shall cause the manufacturer to tender delivery of such Cars to Lessee.

1. (c) On tender of delivery of Cars by the manufacturer thereof, Lessee will forthwith cause the Cars so delivered to be inspected by an authorized representative of Lessee and, if such inspection gives Lessee reason to believe that such Car conforms to what was ordered under the Purchase Agreement, meets the Specifications, is in good order and is ready for service, Lessee will cause its representative to execute and deliver to Lessor a Certificate of Inspection and Acceptance which shall be in the form attached as Exhibit B hereto, which by this reference is incorporated herein as if set forth in its entirety. Execution by Lessee of a Certificate of Inspection and Acceptance shall be deemed to be delivery to and acceptance by Lessee of the Car(s) described therein and the Car(s) described in the Certificate of Inspection and Acceptance shall be subject immediately thereafter to all the terms and conditions of this Lease. The date on which a Certificate of Inspection and Acceptance is executed shall be the "Delivery Date."

1. (d) At all times during the continuance of this Lease, title to the Cars shall be vested in Lessor to the exclusion of Lessee and any rights of Lessee in respect of the Cars shall constitute a leasehold interest only.

1. (e) The Cars to be placed under this Lease shall be delivered by or on behalf of Lessor and accepted by Lessee on or before April 30, 1976, but Lessor shall not be liable for any damages to Lessee for any delay in or a failure to make delivery of any of such Cars due to the operation of the terms of paragraphs 12(b) (ii) and 18 herein; in no event shall Lessor be obligated to deliver Cars to Lessee which are not delivered to Lessor by the manufacturer thereof on or before April 30, 1976.

1. (f) In the event that less than all of the Cars are delivered and accepted under the terms of this Lease, then concurrently with the delivery and acceptance of the last Car to be delivered and accepted, Lessee will cause to be executed and delivered to Lessor a supplement to this Lease in substantially the form attached as Exhibit C hereto, which by this reference is incorporated herein as if set forth in its entirety.

2. TERM.

2. (a) The term of this Lease, as to each Car, shall be fifteen (15) years, commencing on the Delivery Date of such Car.

2. (b) From and after the date of execution hereof until the expiration or termination of this Lease, this Lease shall not be subject to termination by Lessor except pursuant to paragraphs 12 and 18 hereof on the occurrence of an Event of Default, as defined in paragraphs 12 and 18, or by Lessee except pursuant to paragraph 9 hereof.

2. (c) Unless an Event of Default shall have occurred and be continuing, Lessee shall have the right and option on the expiration of the term of this Lease, by written notice given to Lessor not less than nine (9) months but not more than twelve (12) months prior to the end of the said term for the first of the Cars delivered pursuant to this Lease, to purchase all, but not less than all, of the Cars at a price equal to their then fair market value.

3. RENTAL-DEPOSIT

3. (a) As consideration for Lessor's leasing the Cars to Lessee, Lessee agrees to pay to Lessor rent ("Rental"), in one hundred eighty (180) equal and consecutive monthly payments, each of which is payable monthly in advance and the first monthly payment of which shall be due on the Delivery Date with respect to the Car therefor. The monthly Rental payable for the Cars for each month shall equal .994% of the cost ("Cost" as herein defined) of such Cars.

3. (b) For the purposes of this Lease, the term "Cost" shall mean the purchase price Lessor is required to pay for the Cars, and the term "Prime" shall mean the best rate of interest that the First National City Bank of New York from time to time accords to its responsible and substantial commercial borrowers on 90-day loans.

3. (c) In the event the Rental and any and all other payments due Lessor hereunder are not paid on or before the date specified under Section 12 (a)(i), such arrearage may, at the election of the Lessor, be subject to the maximum legal rate of interest permitted by applicable law or five percent (5%) per annum above the then current Prime, whichever is less.

3. (d) Rental and any and all other payments due Lessor hereunder shall be paid to Lessor at its office at Greyhound Tower, Phoenix, Arizona 85077, or as otherwise directed.

3. (e) As additional Rental, Lessee shall pay and discharge when due all license fees, assessments and sales, use, property and other tax or taxes now or hereafter imposed by any state, federal or local government on any Car or on the use or operation thereof or payments hereunder, exclusive of any taxes measured by Lessor's net income, but inclusive of taxes measured by the gross receipts of Lessor, whether the same be payable by or billed or assessed to Lessor or to Lessee, together with any penalties, interest and professional fees incurred in connection therewith; however, if under local law or custom Lessee may not make any such payments Lessee will promptly notify Lessor and Lessee shall reimburse Lessor on demand for all payments thereof made by Lessor. If any license fee, assessment or tax is, by law, to be assessed or billed to Lessor, Lessee at its expense will do any and all things required to be done by Lessor in connection with the levy, assessment, billing or payment thereof and is hereby authorized by Lessor to act for and on behalf of Lessor in any and all such respects including, but not limited to, the contest or protest in good faith of the validity or the amount thereof; and Lessee shall cause all billings of such governmental obligations of Lessor to be made to it in care of Lessee, shall from time to time, on request of Lessor, submit written evidence of the payment of all such governmental obligations, and shall assume all agency responsibility of Lessor in respect thereof.

3. (f) The Rental and other sums payable by Lessee hereunder shall be paid without notice, demand, counterclaim, setoff, deduction, recoupment or defense and without abatement, suspension, deferment, diminution or proration by reason of any circumstance or occurrence whatsoever. Except as expressly provided hereunder, Lessee waives all rights now or hereafter conferred by statute or otherwise to terminate or surrender this Lease or the Cars or any part thereof or to any abatement, suspension, deferment, diminution, reduction or proration of the Rental and other sums payable hereunder on account of any occurrence described in this Lease.

3. (g) Lessee has deposited with Lessor a documentation fee (the "fee") in the sum of \$15,000.00, which will be applied pro rata per Certificate of Inspection and Acceptance to the payment of the first monthly Rental for the Cars. If "takedown" of the Cars does not occur, through no fault of Lessor, the balance of the fee (or the entire fee in the event no Cars are "taken down") shall not be applied against Rentals but shall be kept and retained by Lessor as its sole property.

4. COVENANTS, REPRESENTATIONS AND WARRANTIES

4. (a) Lessor covenants, represents and warrants that, subject to the provisions of paragraph 14(a) herein, at the time a Car becomes subject to this Lease, Lessor will be the true and lawful owner thereof and shall have the right to lease the Car to Lessee under this Lease, and Lessee shall have the exclusive right to possession and quiet enjoyment of the Car for the duration of the Lease term, so long as Lessee shall not be in default under this Lease. THE FOREGOING WARRANTY IS EXCLUSIVE AND IN LIEU OF ALL OTHER WARRANTIES, WHETHER WRITTEN, ORAL, EXPRESSED OR IMPLIED, IT BEING UNDERSTOOD AND AGREED THAT LESSOR EXTENDS NO OTHER WARRANTY TO LESSEE. LESSOR SPECIFICALLY AND EXPLICITLY DISCLAIMS ANY AND ALL IMPLIED WARRANTIES OF MERCHANTABILITY, DESIGN, CONDITION AND FITNESS FOR A PARTICULAR PURPOSE, THE QUALITY OF THE MATERIAL, EQUIPMENT OR WORKMANSHIP OR IN THE QUALITY OR SUITABILITY OF THE CARS DELIVERED TO LESSEE HEREUNDER, AND LESSEE AGREES TO ACCEPT THE CARS FROM LESSOR "AS IS." However, nothing herein contained shall be deemed to limit Lessee from availing itself of any warranties, covenants and representations of the vendor, and such warranties, covenants and representations are, to the extent legally assignable, hereby assigned by Lessor to Lessee only for and during the term, and if not assignable then Lessee shall only for and during the term be subrogated to all such rights of Lessor and may take all reasonable action to enforce the same in Lessor's name at Lessee's sole cost and expense.

4. (b) Lessee covenants, represents and warrants that:

(i) Lessee is a corporation duly organized, validly existing and in good standing under the laws of the State of Texas and is duly qualified to do business and in good standing as a foreign corporation in every jurisdiction in which the nature of its business requires such qualification.

(ii) The execution and delivery of this Lease by Lessee and its assumption and undertaking of the obligations, duties and liabilities hereof have been duly authorized. This Lease is legal, valid, binding and enforceable against Lessee in accordance with its terms.

(iii) The rights of Lessor and the title of Lessor to Cars are free and clear of any and all liens, charges or security interests created by any mortgage, security agreement or other instrument binding on Lessee.

(iv) There is no provision in any existing mortgage, indenture, contract or agreement binding on Lessee which would be contravened by the execution and delivery of this Lease or performance by Lessee of the terms of this Lease, or if there is such provision, consents to such execution, delivery or performance have been obtained.

(v) No governmental authorizations, approvals or exemptions are required to be obtained by Lessee and no registration by Lessee with any governmental agency or commission is necessary for the execution,

delivery or performance of this Lease by Lessee or for the validity and enforceability hereof or for the leasing of Cars hereunder by Lessee; for the payment of Rental by Lessee or performance by Lessee of any of the other terms and conditions herein provided; or, if any such authorizations or registrations are required, they will be or have been obtained or accomplished; and, if any such authorizations or registrations hereafter shall be required, they will be promptly obtained or accomplished.

(vi) No litigation or administrative proceedings are pending or, to the knowledge of Lessee, are threatened against Lessee, the adverse determination of which would affect the validity of this Lease, the rights of Lessor hereunder or the ability of Lessee to make Rental and other payments due under this Lease.

(vii) The execution, delivery and performance of this Lease by Lessee will not contravene the Interstate Commerce Act or the rules and regulations thereunder or the applicable Texas Statutes respecting the Railroad Commission of Texas or the rules and regulations promulgated by such Commission, or any franchise or permit applicable to Lessee.

(viii) The financial statements listed on Exhibit "H" that have heretofore been presented by Lessee to Lessor, in conjunction with the transaction which is the subject of this Lease, fairly present financial position and results of operations, as of the date given; moreover, as of such dates, such financial statements do not contain any untrue statement of a material fact, nor do they omit to state a material fact required to be stated therein or necessary in order to make such financial statements not misleading; and there is no fact, situation or event which, in the opinion of its officers, materially adversely affects or, so far as they can now foresee, will materially adversely affect the properties, business, assets, income, prospects or condition (financial or otherwise) of Lessee.

(ix) Lessee has neither used nor placed into use or service the Cars, and it will not do so prior to the Delivery Date as set forth in the applicable Notice of Inspection and Acceptance pertaining to such Cars.

5. OPINIONS OF COUNSEL

5. (a) Prior to Lessee's purchase of the first Car, Lessee will deliver to Lessor an opinion of Bracewell & Patterson to the effect that:

(1) Lessee is a corporation duly organized, validly existing and in good standing under the laws of the State of Texas and to the best knowledge of such counsel Lessee is not required to qualify to do business in any other jurisdiction.

(ii) The execution and delivery of this Lease by Lessee and its assumption and undertaking of the obligations, duties and liabilities hereof have been duly authorized, and this Lease is legal, valid, binding and enforceable against Lessee in accordance with its terms, except as limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws at the time in effect affecting the rights of creditors generally.

(iii) To best knowledge of such counsel, the rights of Lessor as herein set forth and the title of Lessor to the Cars are free and clear of any and all liens, charges or security interests created by any mortgage, security agreement or other instrument binding on Lessee.

(iv) To best knowledge of such counsel, there is no provision in any existing mortgage, indenture, contract or agreement to which Lessee is a party which would be contravened by the execution, delivery or performance by Lessee of the term of the Lease.

(v) To the best knowledge of such counsel, no consent of holders of any indebtedness of Lessee is required as a condition to the validity of this Lease.

(vi) No governmental authorizations, approvals or exemptions are required and no registration with any governmental agency or commission is necessary for the execution, delivery or performance of this Lease by Lessee, or for the validity and enforceability hereof or for the leasing of Cars hereunder, for the Rental and other terms and conditions herein provided; or if any such authorizations or registrations are required they will be or have been obtained or accomplished.

(viii) To best knowledge of such counsel, the execution, delivery and performance of this Lease does not contravene any provision of law, including without limitation thereto any statute, rule, regulation, judgment, decree, order, franchise or permit applicable to Lessee.

(iv) No government approval is necessary for the execution and delivery of this Lease by Lessee or, if any such approval is necessary (specifying which approval is necessary), it has been obtained.

(x) Such counsel need express no opinion with respect to the Interstate Commerce Act or the rules and regulations thereunder or the Texas Statutes respecting the Texas Railroad Commission.

6. IDENTIFICATION OF CARS

6. (a) On or before the Delivery Date of each of the Cars, Lessee, at its cost and expense, agrees to cause to be

plainly, distinctly, permanently and conspicuously placed, fastened or painted upon each side of each Car a legend bearing the following words in letters not less than one inch in height:

"GREYHOUND LEASING & FINANCIAL CORPORATION,
PHOENIX, ARIZONA, OWNER AND LESSOR"

6.(b) In case any such legend at any time shall be painted over or otherwise made inconspicuous, removed, defaced or destroyed on any Car during the term of this Lease, Lessee shall immediately cause such legend to be restored or replaced. Lessee will not allow the name of any person, association or corporation to be placed on any of the Cars as a designation which might be interpreted as indicating a claim of ownership thereof by any person, association or corporation other than Lessor or its assignee; but Cars may be lettered with names or initials or other insignia customarily used by Lessee on equipment of the same or a similar type for convenience of identification of the rights to use and operate Cars under this Lease.

6.(c) On or prior to the Delivery Date of each Car to Lessee, Lessee agrees to cause to be placed on each side of each Car Lessee's assigned number. At all times thereafter, during the term of this Lease, Lessee will cause each Car to bear the number so assigned to it, and Lessee will not change or permit to be changed the numbers of any Car except in accordance with a statement of new numbers to be substituted therefor which previously shall have been filed with Lessor by Lessee and filed, recorded or deposited in all public offices where this Lease will have been filed, recorded or deposited.

7. TAX BENEFITS

7.(a) Tax Benefits. Lessor confirms to Lessee and Lessee acknowledges that Lessor shall be the party entitled to claim

(i) the credit against Federal Income taxes which are imposed by the Internal Revenue Code of 1954, as amended, ("IRC") which credit emanates from the purchase of or investment in certain new, depreciable property pursuant to the provisions of Section 38 et seq. of the IRC, and

(ii) the most favorable depreciation benefits allowable to Lessor as a deduction for Federal Income taxes on account of the ownership of certain depreciable property by virtue of Section 167 of the IRC and the Regulations issued pursuant thereto,

(Items (i) and (ii) herein called "Tax Benefits") presently available under applicable provisions of the IRC on Lessor's purchase and ownership of the Cars purchased and leased hereunder, and therefore Lessee agrees that it shall not be entitled to, nor will it claim, such Tax Benefits.

7.(b) Indemnification. In the event of a change in the tax laws subsequent to the date of execution of this Lease, if such change has an adverse effect on Tax Benefits herein granted to, and to be claimed by, Lessor, or in the further event that, subsequent to the purchase of the Cars Lessor should not be able to take advantage of the Tax Benefits, or any part thereof, solely on account of any act or omission of Lessee, or on account of any act or omission of any person or entity, other than Lessor, which has the use, possession, control, operation or storage of the cars by, through or under Lessee pursuant to the terms and conditions of this Lease, or on account of the Cars being used or placed into service prior to the Delivery Date as set forth in the applicable Notice of Inspection and Acceptance thereof, then Lessee agrees to restore Lessor to the same after tax beneficial position it would otherwise enjoy had such Tax Benefits not been lost or not been available in the first instance, by paying to Lessor the sum of (i) the amount which, after deduction of all taxes required to be paid by Lessor in respect of the receipt of such sum under the laws of any federal, state or local government or taxing authority in the United States, or under the laws of any taxing authority or any government subdivision of any foreign country, would be equal to the amount of the Tax Benefits so lost, and (ii) the amount of any interest (including any additions of tax because of underpayment of estimated tax) which may be payable to the applicable federal, state or local government or taxing authority by Lessor in connection with such loss of Tax Benefits.

7.(c) Acts or Omissions of Lessor. Without limiting the provisions of paragraph 7(b), the following events shall not be deemed to be attributable to acts or omissions of Lessee:

(i) Lessor shall fail to claim such Tax Benefits in its income tax returns for the appropriate years or shall fail to follow procedures in claiming such Tax Benefits and such failure to claim or to follow such procedures, as the case may be, shall preclude the Lessor from claiming such Tax Benefits, provided that the foregoing does not apply to any Tax Benefits not claimed because of a good faith determination made by Lessor based

on the advice of its tax counsel (who shall not be an employee of the Lessor) (hereinafter referred to as Lessor's Tax Counsel) that it is not properly allowable; and in the case of any such determination, Lessor agrees to notify Lessee in writing of such determination at least 30 days prior to the date on which it must make such claim and if Lessee shall, within 5 days thereafter, object to such determination, the decision as to claiming such benefits shall be made by such independent tax counsel as Lessor and the Lessee may mutually agree on, or failing such agreement, a panel of three independent tax counsel, one of whom shall be selected by Lessor, the second by Lessee, and the third by the first two so selected. The expenses and fees of the independent tax counsel shall be borne by Lessee.

(ii) the Lessor (or, if the Lessor files its Federal income tax returns as a member of an affiliated group, the group) shall not have sufficient income to benefit from such Tax Benefits;

(iii) Lessor shall voluntarily transfer legal title to such Car to anyone (other than a transfer pursuant to paragraph 10 hereof) or shall dispose of or reduce its interest in such Car and such transfer, disposition or reduction in interest (A) shall be the direct cause of such loss, (B) shall occur at any time when no Event of Default has occurred and is continuing and (C) shall not be pursuant to the written consent of Lessee;

(iv) the Lessee shall have paid the Lessor the Stipulated Loss Value of such Car pursuant to paragraph 10; or

(v) the Lessor shall have elected in writing for purposes of the credit defined in paragraph 7(a)(i) to treat the Lessee as the purchaser of such Car.

7.(d) Contest of Disallowance of Tax Benefits. In the event a claim shall be made by the Internal Revenue Service which, if successful, would result in a loss of all or a portion of the Tax Benefits under circumstances which would require Lessee to indemnify Lessor for the loss, Lessor hereby agrees to take such action in connection with contesting such claims as Lessee shall reasonably request in writing from time to time, provided, that: (i) within thirty days after notice by Lessor to Lessee of such claim, the Lessee shall request that

such claim be contested; (ii) Lessor, at its sole option, may forego any and all administrative appeals, proceedings, hearings and conferences with the Internal Revenue Service in respect of such claim and may, at its sole option, either pay the tax claimed and sue for a refund in the appropriate United States District Court and/or the United States Court of Claims, as Lessor shall elect, or contest such claim in the United States Tax Court, considering, however, in good faith such request as Lessee shall make concerning the most appropriate forum in which to proceed; (iii) prior to taking such action, Lessee shall have furnished Lessor with an opinion of its independent tax counsel to the effect that a meritorious defense exists to such claim; and (iv) Lessee shall have indemnified Lessor in a manner satisfactory to it for any liability or loss which Lessor may incur as the result of contesting such claim and shall have agreed to pay Lessor on demand all costs and expenses which Lessor may incur in connection with contesting such claim, including, without limitation, (A) reasonable attorneys' and accountants' fees and disbursements, (B) the amount of any interest or penalty which may ultimately be payable to the United States Government as a result of contesting such claim, and (C) in the event Lessor shall pay the tax claimed and then seek a refund and the final determination of such claim shall be adverse to Lessor, interest at the rate set forth in Paragraph 3(c) hereof on the amount of the tax paid attributable to the portion of the Tax Benefits lost, computed from the day of payment of such tax to the date the Lessee shall reimburse Lessor for the payment of such tax in accordance with the terms hereof. If any such claim referred to above shall be made by the Internal Revenue Service and Lessee shall have reasonably requested Lessor to contest such claim as above provided and shall have duly complied with all of the terms of this paragraph 7(d), Lessee's liability with respect to the Tax Benefits lost as a consequence of such claim shall become fixed on final determination of the liability of Lessor for the tax claimed and after giving effect to any refund obtained, together with interest thereon; but in all other cases the liability of Lessee shall become fixed at the time Lessor makes payment of the tax attributable to the portion of the Tax Benefits lost. In the case of any such claim by the Internal Revenue Service referred to above, Lessor agrees to promptly notify Lessee in writing of such claim and agrees not to make payment of the tax claimed for at least thirty days after the giving of such notice and agrees to give to Lessee any relevant information relating to such claim which may be particularly within the knowledge of Lessor and to otherwise cooperate with the Lessee in good faith in order to effectively contest any such claim.

7.(e) Indemnification Payment Date. In the event that Lessee becomes obligated to pay Lessor any sum or sums pursuant to the provisions of paragraph 7.(b) herein, then such sum or sums shall become due and payable, at the election of Lessee, (i) in full thirty (30) days after the time at which the liability of Lessee shall have become fixed in accordance with the provisions of paragraph 7(d) hereof or (ii) as supplemental rent, a sum (computed separately for each calendar year, or portion thereof) of money in an amount which is determined in accordance with paragraph 7(b) hereof and which is attributable to such calendar year sufficient to give Lessor the same after-tax cash flow for such taxable year (or portion thereof) as is contemplated by this Lease and would have resulted had such Tax Benefits been allowed to the Lessor in the amounts the Tax Benefits would otherwise have been allowed on the aforesaid basis.

7.(f) Acts of Lessee. Lessee agrees that neither it nor any corporation controlled by it, in control of it, or under common control with it, directly or indirectly, will at any time take any action or file any returns or other documents inconsistent with the foregoing or which would increase the amount of Rentals required to be taken into income by the Lessor over the amount specified to be payable under this Lease on the dates due hereunder and that each of such corporations will file such returns, take such actions and execute such documents as may be reasonable and necessary to facilitate accomplishment of the intent hereof. Lessee agrees to keep and make available for inspection and copying by the Lessor such records as will enable Lessor to determine the extent to which it is entitled to the benefit of the Tax Benefits with respect to the Cars. Lessee represents, covenants and warrants that at all times during the term of this Lease, each Car will constitute "section 38 property" within the meaning of Section 48(a) of the IRC, and the Lessee will not at any time during the term of this Lease use or fail to use any Car in such a way as to disqualify it as "section 38 property", including use of the Cars predominantly outside the United States, within the meaning of Section 48(a) of the IRC.

7.(g) References to IRC. Reference in this Lease to specific sections of the IRC shall be deemed to include comparable sections or provisions of any successor laws.

7.(h) Recalculations of Stipulated Loss Values. In the event that Lessee shall have made a payment to Lessor required by the terms of paragraph 7(b) hereof for the loss or disallowance of any portion of the credit defined in paragraph 7(a)(i) hereof with respect to any portion or all the Cars, the Stipulated

Loss Values for such Cars shall be reduced by the amount, if any, included therein which represents reimbursement to the Lessor for the portion of such credit so lost or disallowed.

8. MAINTENANCE AND LIENS

8.(a) It is agreed between the parties that, as between Lessor and Lessee, all risks, as to the merchantability, fitness, design or condition of, or as to the quality of the material, equipment or workmanship in or the quality or suitability of the Cars delivered to Lessee hereunder, are to be borne by Lessee.

8.(b) Lessee agrees, during the continuance of this Lease, at Lessee's own cost and expense, to maintain and keep all of the

Cars in first-class condition and repair and in good and efficient working order, reasonable wear and tear excepted, and acceptable for use in unrestricted interchange. Except for alterations or changes required by law, Lessee shall not, without the prior written approval of Lessor, effect any change in the design, construction or body of the Cars. Lessee shall notify Lessor promptly of any alterations or changes in the Cars required by law, describing by identification number the Cars affected and the nature of the alterations or changes.

8.(c) Except as may arise from Lessor's breach of warranty, Lessee agrees that Lessor shall not be liable to Lessee for any liability, claim, loss, damage or expense of any kind or nature caused, directly or indirectly, by any Car or any inadequacy thereof for any purpose, or any deficiency or defect therein, or the use or maintenance thereof, or any repairs, servicing, modification or adjustments thereto, or any delay in providing or failure to provide any thereof, or any interruption or loss of service or use thereof, or any loss of business, or any damage whatsoever and howsoever caused.

8.(d) Any part installed or replacements made by Lessee upon any Car shall be considered accessions to such Car and title thereto shall be immediately vested in Lessor, without cost or expense to Lessor except that this shall not apply to special equipment installed in any Car by Lessee with the consent of Lessor, provided that such equipment is removed by Lessee before the Cars are returned to Lessor and all damage resulting from such installation and removal is repaired by Lessee, and further provided that removal of such equipment does not affect the Cars' serviceability or use in unrestricted interchange.

8.(e) Lessee shall pay or satisfy and discharge any and all sums claimed by any party other than those which were created by act of Lessor which, if unpaid, might become a lien or a charge upon the Cars or entitled to priority over any of the rights of Lessor in and to the Cars, but Lessee shall not be required to discharge any such claim so long as it shall in good faith and by appropriate legal proceedings contest the validity thereof in any reasonable manner which, in the opinion of Lessor, will not affect or endanger the title and interest of Lessor in and to the Cars.

8.(f) At the termination of this Lease, and absent the exercise of Lessee's option to purchase, Lessee shall return the Cars to Lessor in such condition as to permit use in unrestricted interchange and shall meet all interchange requirements of the American Association of Railroads.

9. INSURANCE

9.(a) Lessee, at its own cost and expense, shall insure each Car from the time of delivery and acceptance thereof and at all times thereafter until Lessee's obligations under this Lease with respect to such Car have been discharged, against loss, damage or destruction thereof caused by fire, lightning, theft, wreck, derailment, collision, flood, tornado, cyclone, sabotage, riot or civil commotion, such insurance, in the case of each Car, to be in an amount equal to the Stipulated Loss Value (the "Stipulated Loss Value") therefor as set forth in Exhibit D, which by this reference is incorporated herein as if set forth in its entirety, except that such coverage may be limited so that any loss amounting to less than \$2,500 per Car shall not be payable by the insurer and no such coverage shall be required for loss, damage or destruction of any Car compensable under the then current Code of Rules governing the settlement for Destroyed or Damaged Cars adopted by the Association of American Railroads. In addition, Lessee shall maintain public liability coverage with respect to the Cars satisfactory to Lessor as set forth in Exhibit E hereto, which by this reference is incorporated herein as if set forth in its entirety.

9.(b) Except for liability insurance, all such insurance (i) shall be taken for the benefit of Lessor and Lessee, as their respective interests may appear, in an insurance company or companies satisfactory to Lessor, (ii) shall insure the respective interests of Lessor and Lessee in the Cars and shall provide that the proceeds of such insurance shall be payable to Lessor, and (iii) shall insure the interests of Lessor regardless of any breach or violation by Lessee of any warranties, declarations or conditions contained in such policies.

9.(c) All insurance proceeds received by Lessor with respect to any Car shall at the Lessee's option:

(i) be applied by Lessor, in the case of the loss, destruction or damage beyond repair of such Car or Cars (as determined by Lessee), toward the satisfaction of Lessee's obligation to make the payment required by paragraph 10 hereof; or

(ii) be paid to Lessee, in the case of repairable damage to such Car or Cars (as determined by Lessee), upon receipt by Lessor from Lessee of proof in duplicate satisfactory to Lessor of the proper repair of such damage.

9.(d) Except as provided in paragraph 9(f) herein, proceeds of any insurance received by Lessor on account of or for any loss or casualty shall be released to Lessee upon a written application signed by Lessee or by a person designated by Lessee for the payment of or to reimburse Lessee for the cost of repairing the Cars which have been damaged. Such application shall be accompanied by satisfactory evidence of the cost and satisfactory completion of such repair. If an Event of Default has occurred and is continuing hereunder, such proceeds may be applied by Lessor, at Lessor's option, against any liability of Lessee to Lessor hereunder for such Default, as defined in paragraph 12.

9.(e) The proceeds of any insurance received by Lessor on account of a lost, stolen, destroyed or damaged Car in respect of which Lessee shall have made payment to Lessor pursuant to paragraph 9 hereof shall be released to Lessee upon a written application signed by Lessee or a person designated by the Lessee, provided, however, that if an Event of Default has occurred and is continuing hereunder, such proceeds may be applied by Lessor, at Lessor's option, against any liability of Lessee to Lessor hereunder for such Default.

9.(f) All such policies required above shall contain a provision to the effect that the insurer will give Lessor thirty (30) days prior written notice before cancellation, termination or modification of any such policy is effective.

9.(g) In the event Lessee is notified that Lessor has sold or encumbered the Cars, assigned this Lease or assigned the Rentals payable hereunder, Lessee shall provide insurance containing loss payable clauses satisfactory to both Lessor and Lessor's assignee. Upon request, the Lessee shall furnish Lessor or Lessor's assignee with certificates or other satisfactory evidence of the maintenance of the insurance required hereunder.

10. LOSS, THEFT OR DESTRUCTION OF CAR.

In the event any Car is lost or stolen or is destroyed or damaged beyond economic repair from any cause whatsoever, or shall be appropriated, requisitioned, taken over or nationalized by any governmental authority under the power of eminent domain or otherwise during the term of this Lease, and all of the obligations of Lessee hereunder are not assumed by such governmental authority within sixty (60) days after such appropriation, requisitioning, taking over or nationalization, Lessee shall, at its option, either (a) promptly and fully inform Lessor

of such occurrence and, within ten (10) days after such occurrence, pay to Lessor as liquidated damages in lieu of any further claim of Lessor hereunder in respect of such Car, except for accrued Rental as of the date of such occurrence and such claims as arise or exist under paragraphs 7, 8 and 9 hereof, an amount equal to the then Stipulated Loss Value less the amount of any insurance recovery received by Lessor; or (b) terminate this Lease as to such Car by written notice to Lessor and the Rental thereof shall be abated, and Lessee shall pay Lessor the Stipulated Loss Value of such Car, less the amount of any insurance recovery received by Lessor; provided, however, Lessee shall pay to Lessor an amount equal to the last previous Rental on the date that the next Rental would have fallen due and shall continue to pay such amount each month thereafter until such time as Lessor shall have received from Lessee or from the proceeds of insurance an amount equal to the sum of (a) accrued Rentals, if any, to the date of such loss, theft or irreparable damage, (b) the Stipulated Loss Value of the Car as of the date of such occurrence and (c) interest on the unpaid and declining balance of said amount at the rate set forth in paragraph 3(c) above from the date of such occurrence to the date of receipt. At such time as Lessor has received the sum of (a), (b) and (c) above, either from Lessee or from the insurance proceeds, Lessee shall then be entitled to receive the remainder, if any, of all insurance proceeds as compensation for the loss of Lessee's leasehold interest in the lost, stolen or wholly destroyed Car, and to the extent and at the time that Lessor shall have received any monies in excess of the sum of (a), (b) and (c) above, Lessor shall then refund the amount of such excess to Lessee.

11. COMPLIANCE WITH LAWS AND RULES; INDEMNIFICATION

11.(a) Lessee agrees to comply in all respects with all laws of the jurisdictions in which its operations involving the Cars may extend and with all lawful rules of the Federal Railroad Administration and any other legislative, executive, administrative or judicial body and the Association of American Railroads or any other association of carriers or shippers exercising any power or jurisdiction over Lessee or over the Cars, to the extent that such laws and rules affect the operation, maintenance or use of Cars.

11.(b) In the event such laws or rules require the alteration of Cars, Lessee shall conform the Cars in accordance therewith at Lessee's expense and shall maintain the same in proper condition for operation under such laws and rules; provided, however, that Lessee may in good faith contest the validity and application of any such law or rule in any reasonable manner which does not, in the opinion of Lessor, adversely affect the property or rights of Lessor as owner hereunder. Lessee shall notify Lessor of any alteration of the Cars required by such laws or rules, describing by identification number the Cars affected and the nature of the alteration.

11.(c) Lessee hereby assumes all risks and liability for each Car leased hereunder and for the use, operation and storage thereof and for the injuries or deaths of persons and damage to property, howsoever arising from or incident to such use, operation or storage, whether such injury or death to persons be of agents or employees of Lessee or of third parties and such damage to property be of Lessee or of others. Lessee agrees to indemnify, reimburse, save and hold Lessor harmless from all losses, damages, claims, penalties, liabilities and expenses, including attorneys' fees, howsoever arising or incurred because of or incident to any Car or to the use, operation or storage or alleged use, operation or storage thereof.

12. DEFAULT; REMEDIES

12.(a) Lessor shall have the benefit of the remedies stated in paragraph 12(b) herein if during the term of this Lease or any extension thereof one or more of the following events shall occur ("Events of Default" or "Default"):

(i) Lessee shall fail to pay when due any part of any of the payments required by paragraph 3 hereof, or of any other sum to be paid hereunder and such failure shall continue for seventy-two (72) hours after receipt by Lessee of written, telegraphic or telex notice of such failure to pay;

(ii) Lessee shall make or suffer any unauthorized assignment or transfer of this Lease or of possession of Cars or any of them, except appropriation, requisitioning, taking over or nationalization as described in paragraph 10 hereof, and shall fail or refuse to cause such assignment or transfer to be canceled by agreement of all parties having any interest therein and to recover possession of such Car or Cars within five (5) days after written notice from Lessor to Lessee demanding such cancellation and recovery of possession;

(iii) Lessee shall fail to observe or perform any of the covenants, conditions and agreements on the part of Lessee contained in Section 9 hereof and such failure shall continue after written notice from Lessor to Lessee specifying the Default and demanding same to be remedied;

(iv) Lessee shall fail to observe or perform any other of the covenants, conditions and agreements on the part of Lessee contained herein and such failure shall continue for thirty (30) days after written notice from Lessor to Lessee specifying the Default and demanding the same to be remedied;

(v) Lessee or any successor shall be in default under that certain Note Purchase Agreement dated as of September 1, 1973 among Lessee, First City National Bank of Houston, American National Insurance Company and The Northwestern Mutual Life Insurance Company and as a result of such default the holder(s) of the Notes issued thereunder accelerate the maturity of the indebtedness evidenced thereby;

(vi) Any material representation made by Lessee herein or hereunder or in any certificate or other instrument delivered under or pursuant to any provision hereof shall prove to have been false or incorrect in any material respect on the date as of which made;

(vii) Lessee should commit an act of bankruptcy or be the subject of any proceeding under the Bankruptcy Act or any amendment thereto or under any other insolvency law or law providing for the relief of debtors (provided, however, that if the same is an involuntary proceeding which is stayed or dismissed within thirty (30) days from the date of commencement the same shall not constitute default);

(viii) Lessee should become insolvent (that is, unable to pay its debts as they fall due);

(ix) If final judgment for the payment of money aggregating in excess of \$10,000.00 should be rendered against Lessee and the same shall remain outstanding and undischarged or unsuperseded or execution thereof not stayed for a period of thirty (30) days thereafter.

(x) Lessee shall fail to obtain and deliver to Lessor within thirty (30) days of the date of the execution of this Lease an opinion from Lessee's special counsel for Interstate Commerce Commission and Railroad Commission of the State of Texas matters that as to such governmental agencies and the statutes, rules and regulations pertaining thereto Lessee has duly and properly obtained such approvals as are necessary for the execution and delivery of this Lease by Lessee and its assumption and undertaking of the obligation imposed on it pursuant to this Lease.

12.(b) Upon the occurrence of an Event of Default, Lessor may at its option:

(i) proceed by appropriate court action or actions, either at law or in equity, to enforce performance by Lessee of the applicable covenants of this Lease or to recover damages for the breach thereof; or

(ii) by notice in writing to Lessee, terminate this Lease, whereupon all right of Lessee to the use of Cars theretofore delivered by Lessor, or obligation of Lessor to deliver Cars to Lessee not theretofore delivered, shall absolutely cease and terminate as though this Lease had never been made, but Lessee shall remain liable as herein provided; and thereupon Lessee shall deliver to Lessor possession of Cars theretofore delivered hereunder by Lessor in accordance with paragraph 16 hereof unless such delivery is impossible because Cars or any portion thereof were appropriated, requisitioned, taken over or nationalized as described in paragraph 10 hereof. Lessor may, without Court order or without any other authorization, by its agents enter upon the premises of Lessee or other premises where any of Cars may be situated and take possession of all or any of such Cars (damages occasioned by such taking of possession are hereby expressly waived by Lessee) and thenceforth hold, possess and enjoy the same free from any right of Lessee's successors or assigns, to use the Cars for any purpose whatever; but Lessor shall nevertheless, have a right to recover from Lessee any and all amounts which under the terms of this Lease may be then due or which may become due and unpaid for the use of the Cars (including Rentals accruing on the Cars after the date of Default); and also to recover forthwith from Lessee (to the extent not recovered pursuant to the foregoing) the following:

(A) as liquidated damages for the breach of this Lease and Lessor's loss of the bargain, but not as a penalty, and as reasonable rent for use of the Cars and for the depreciation thereof, the amount by which any proceeds of the use and disposition of such Cars received by Lessor is less than the sum of (1) all due and unpaid Rental for the Cars as of the date of Default, and (2) the Stipulated Loss Value of the Cars as of the date of Default; and

(B) all due and unpaid Rentals or other charges for or with respect to such Cars and any expenses incurred in the re-taking, storage, repairing and lease, sale or other disposition, and reasonable attorneys' fees incurred by Lessor, plus an

amount equal to accrued taxes and other amounts payable hereunder by Lessee with respect to Cars, all costs, expenses, losses and damages incurred or sustained by Lessor by reason of such Default, and interest at the rate provided in subparagraph 3(d) herein on each of the foregoing items in this subparagraph (B) and on all other sums not paid when due under this Lease.

12.(c) FOR AND IN CONSIDERATION OF AND AS AN INDUCEMENT TO LESSOR TO ENTER INTO THE LEASE, LESSEE HEREBY VOLUNTARILY AND KNOWINGLY WAIVES ANY AND ALL RIGHTS TO NOTICE AND/OR HEARING PRIOR TO ANY RETAKING OF POSSESSION OR REPLEVY OF THE CARS BY LESSOR, ITS AGENTS OR ASSIGNS UPON DEFAULT OF LESSEE, AND FOR THAT PURPOSE LESSOR MAY, TO THE EXTENT LESSEE CAN GIVE AUTHORITY THEREFOR, ENTER UPON ANY PREMISES ON WHICH CARS MAY THEN BE SITUATED AND REMOVE THE SAME THEREFROM. LESSOR MAY REQUIRE LESSEE TO DELIVER CARS TO LESSOR AT THE PLACE DESIGNATED UNDER SECTION 16 OF THIS LEASE WHICH IS REASONABLY CONVENIENT TO BOTH PARTIES. LESSEE SHALL BE LIABLE TO LESSOR FOR AND LESSOR MAY RECOVER FROM LESSEE ALL COSTS AND EXPENSES, INCLUDING REASONABLE ATTORNEYS' FEES AND OTHER LEGAL EXPENSES INCURRED BY LESSOR IN OBTAINING POSSESSION OF THE CARS.

12.(d) If on the date of such termination or repossession, any Car is damaged, lost, stolen or destroyed or subject to appropriation, requisition, takeover or nationalization by governmental agency, or is subject to any levy, seizure, assignment, application or sale for or by any creditor, Lessor shall also remain liable for payment of the Stipulated Loss Value as specified in paragraph 10 hereof.

12.(e) The rights and remedies in this Lease provided in favor of Lessor shall not be deemed exclusive, but shall be cumulative, and shall be in addition to all other rights and remedies in its favor existing at law or in equity. Lessee hereby waives any mandatory requirements of law, now or hereafter in effect, which might limit or modify any of the remedies herein provided, to the extent that such waiver is permitted by law. No delay or omission of Lessor in the exercise of any power or remedy given herein shall be deemed a waiver of such power or remedy. In the event of any Default, Lessor shall be entitled to recover reasonable costs and expenses, including attorneys' fees, as shall have been expended or incurred by Lessor in the enforcement of any right or privilege hereunder, plus interest at the rate provided in paragraph 3(c) herein.

13. POSSESSION AND USE OF CARS, PER DIEM AND OTHER CHARGES

Unless an Event of Default shall have occurred and be continuing, Lessee shall be entitled to the possession and use of Cars in accordance with the terms of this Lease. Lessee shall not, without the prior written consent of Lessor, part with the possession or control of, or suffer or allow to pass out of its possession or control, any Cars, except that Lessee may permit the use thereof or any part thereof by other railroad companies in the usual interchange of traffic agreement, but only on and subject to all the terms and conditions of this Lease; provided, however, Lessee shall not use or permit the use of any Cars involving the operation, storage, possession and/or maintenance thereof outside the United States of America. Lessee shall neither use nor permit the use of any Cars by a "governmental unit" as defined by Section 48(a)(5) of the IRC.

14. ASSIGNMENT; CORPORATE GUARANTEE

14.(a) All rights, benefits and advantages of Lessor hereunder may be assigned, pledged, mortgaged, transferred or otherwise disposed of, either in whole or in part, and Lessor may assign, pledge, mortgage, transfer or otherwise dispose of title to Cars, with or without notice to Lessee. Any such assignment, pledge, mortgage, transfer or disposition shall be subject to Lessee's rights hereunder and in the Cars. So long as Lessee shall not be in Default under this Lease, Lessee shall be entitled to the possession and use of Cars in accordance with the terms of this Lease. At the request of Lessor or any chattel mortgagee, assignee, trustee or other holder of the legal title to the Cars, the Cars may be lettered or marked to identify the legal owner of the Cars, if other than Lessor, at no expense to Lessee. If, during the continuance of this Lease, any such marking shall at any time be removed or become illegible, wholly or in part, Lessee shall immediately cause such marking to be restored or replaced, at Lessee's expense.

14.(b) Lessee, without the prior written consent of Lessor, shall not sell, assign, transfer or encumber its leasehold interest under this Lease in any of the Cars or sublet any of the Cars; provided, however, Lessee may assign its interest in this Lease to Western Rail Road Company, without consent of Liason as long as Lessee shall continue to be bound by and obligated to perform and honor each and every obligation, duty and covenant imposed on or undertaken by the Lessee under this Lease and the obligations of the Guarantors under the corporate guaranty agreement referred to in Paragraph 14(d) below shall continue in full force and effect. Any assignment prohibited by this paragraph 14 shall be void.

14.(c) Lessee hereby grants unto Lessor an option, which is exercisable in the sole and exclusive discretion of Lessor, to terminate Lessee's rights and interests in and to the Cars and this Lease by written notice given to Lessee that Lessor requests the substitution of Western Rail Road Company as lessee under this Lease, which termination shall be effective when Western Rail Road Company acknowledges that it assumes the full, prompt, complete and faithful performance of each and every duty, obligation and covenant imposed on or advanced by the lessee under this Lease.

14.(d) Lessee shall use its best efforts to have executed by its subsidiaries a corporate guarantee agreement to be in the form of Exhibit F hereto, which by this reference is incorporated herein as if set forth in its entirety. Lessor shall also execute said corporate guarantee.

15. REPORTS; RIGHTS TO INSPECT THE CARS

15.(a) During the term of this Lease and without demand, Lessee agrees that it and its agents, employees and representatives will cooperate with Lessor in the investigation and defense of any and all claims against Lessor which may arise as a result of the alleged or apparent improper manufacturing, functioning or operation of any of the Cars and that they will aid in the recovery of damages from any third parties responsible therefor.

15.(b) During the term of this Lease, Lessee will, as soon after the close of each fiscal year of Lessee as practicable, furnish to Lessor in duplicate copies of Lessee's most recent audited financial reports, including Lessee's most recent annual report or balance sheet and profit and loss statement, certified to be a recognized firm of Certified Public Accountants. Interim statement, certified by the chief financial officer of Lessee, shall be furnished by Lessee as requested by Lessor.

15.(c) During the term of this Lease, Lessee will furnish to Lessor, on or before February 1st of each year (commencing with the year 1977) and on such other dates as Lessor may from time to time reasonably request, an accurate report certified by a duly authorized agent of Lessee stating as of a recent date (but, in the case of each annual statement, not earlier than the preceding December 31 and in the case of any other such statement, not earlier than a date ninety (90) days preceding the date of such statement): (i) Lessee's car numbers of the Cars then subject to this Lease; (ii) Lessee's car

numbers of all Cars that have become worn out, lost, destroyed, irreparably damaged or rendered permanently unfit for use since the date of the previous report (or since the date hereof in the case of the first such report); (iii) Lessee's car numbers of all Cars being repaired or awaiting repairs; (iv) lessee's car numbers of all Cars being repaired or awaiting repairs; (iv) Lessee's car numbers of all Cars that have been appropriated, requisitioned, taken over or nationalized by any governmental authority since the date of the previous report (or since the date hereof in the case of the first such report); (v) that all Cars then subject to the Lease have been maintained in accordance with paragraph 8(b) hereof or, if such be the case, are then being repaired in accordance with paragraph 8 hereof, and that the legend placed on the Cars as required by paragraph 6 hereof has been preserved or repainted on each side of each Car and that Lessee's identifying reporting mark and the appropriate Car number have been preserved or repainted on each side of each Car as required by paragraph 6 hereof; (vi) the location of each car; and (vii) such other information regarding the location, condition and state of repair of the Cars as Lessor may reasonably request.

15.(d) Lessor or its assignee shall have the right, at its sole cost and expense, by its authorized agents, employees or representatives, to inspect the Cars and Lessee's records with respect thereto, at such times and from time to time during the term of this lease as may be reasonably necessary to confirm to the satisfaction of Lessor or its assignee the existence and proper maintenance of the Cars.

16. RETURN OF CARS

16.(a) Upon the expiration of the term of this Lease, or if Lessor shall rightfully demand possession of the Cars pursuant to this Lease or otherwise, Lessee shall forthwith remove or cause to be removed any lettering of the names or initials or other insignia customarily used by Lessee from the Cars at its cost and expense, and deliver the possession of the Cars to Lessor. For such purpose Lessee, at its own cost and expense, shall forthwith assemble the Cars and place them upon such storage tracks of Lessee or such tracks as available to Lessee, as Lessee may select, and Lessee shall permit Lessor to store Cars on such tracks at Lessee's own cost and expense for a period not exceeding one hundred twenty (120) days from the date that all Cars are so assembled at the risk of Lessor, and at Lessee's own cost and expense shall transport or cause to be transported any Car or Cars, at any time within such one hundred twenty (120) day period, to the place the Cars were located when the respective Notices of

Inspection and Acceptance were executed. The assembling, delivery, storage and transporting of Cars as hereinabove provided are of the essence of this Lease and, upon application to any court of equity having jurisdiction in the premises, Lessor shall be entitled to a decree against Lessee so as to require Lessee to assemble, deliver, store and transport the Cars.

16.(b) Without in any way limiting the obligation of Lessee under the foregoing provisions of this paragraph 16, Lessee hereby irrevocably appoints Lessor as its agent and attorney, with full power and authority, at any time while Lessee is obligated to deliver possession of any Car to Lessor, to demand and to take possession of such Car in the name and on behalf of Lessee from whomsoever shall be at the time in possession of such Car.

16.(c) Except as otherwise provided in paragraph 10 hereof, in the event that any Car or Cars subject to this Lease are not redelivered to Lessor on or before the date on which the term of this Lease expires, all of the obligations of Lessee under this Lease with respect to such Car or Cars shall remain in full force and effect until such Car or Cars are redelivered to Lessor.

17. PURCHASE OPTION

17.(a) Provided that this Lease has not been earlier terminated and Lessee is not in Default hereunder, Lessee may elect to purchase all but not less than all of the Cars covered by this Lease at the times and in the manner specified in paragraph 2 hereof.

17.(b) If on or before four (4) months prior to the intended purchase Lessor and Lessee are unable to agree upon a determination of the fair market value of the Cars, the Fair Market Value (as hereinafter defined) shall be determined by an appraiser or appraisers mutually agreed upon by Lessor and Lessee or, failing such agreement, by a panel of three (3) independent appraisers, one of which shall be selected by Lessor, the second by Lessee and the third designated by the first two so selected. The appraiser or appraisers shall be instructed to make such determination within a period of thirty (30) days following appointment and shall promptly communicate such determination in writing to Lessor and Lessee. The determination so made shall be conclusively binding upon both Lessor and Lessee. The expenses and fees of the appraiser or appraisers shall be borne by Lessee.

17.(c) Fair Market Value shall mean, at any time for the determination thereof, an amount determined on the basis of and equal to the value which would obtain in an arm's-length transaction between an informed and willing buyer-user (other than (i) a lessee currently in possession and (ii) a used equipment dealer) and an informed and willing seller under no compulsion to sell and, in such determination, costs of removal from the location of current use shall not be a deduction from such value.

18. ADDITIONAL COVENANTS OF LESSEE

Lessee covenants and agrees that during the term of this Lease it will fully, completely, promptly and faithfully perform and honor the restrictive covenants (Restrictive Covenants) set forth in that certain Note Purchase Agreement dated as of September 1, 1973, by and among Lessee and American National Insurance Company, The Northwestern Mutual Life Insurance Company and First City National Bank of Houston set forth in Exhibit G hereto, which by this reference is incorporated herein as if set forth in its entirety. Lessee hereby extends and grants the Restrictive Covenants to Lessor and covenants and agrees that they shall be deemed to be an integral part of this Lease to the same extent as if they were originally granted to Lessor herein. It is expressly agreed, however, that notwithstanding the inclusion of the Restrictive Covenants in this Lease, the failure to perform any one or more of the Restrictive Covenants by Lessee shall not constitute a default or an Event of Default hereunder unless either (a) the indebtedness arising under the Note Purchase Agreement is accelerated, as described in Section 12(a)(v) of this Lease; or (b) such failure to perform constitutes an Event of Default under such Note Purchase Agreement and such Event of Default is not remedied or waived by the holders of Notes issued pursuant thereto within a reasonable time after notice of such Event of Default is given to Lessee by such holders. Nothing herein shall restrict the rights of the parties to the Note Purchase Agreement, their successors and assigns, to waive, modify, supplement or amend the Note Purchase Agreement, including the Restrictive Covenants, or consent to actions, omissions or transactions not otherwise permitted thereby, and any such waiver, modification, supplement, amendment or consent may be made without the consent or approval of Lessor or its assigns. Any such waiver, modification, supplement, amendment or consent shall be effective for purposes of this Lease without approval or consent of Lessor or its assigns.

19. FORCE MAJEURE

Lessor's obligation to deliver and place Cars on lease hereunder and Lessee's obligation to return Cars under Section 16(a) shall be subject to delays or impossibility of performance resulting from causes beyond the control of Lessor or the manufacturer and vendor of the Cars in the ordinary course of their respective businesses, including but not limited to acts of God, acts of government establishing embargoes or imposing controls on prices or interest rates having the effect of preventing, suspending or delaying the operation of the terms of paragraph 3 herein, priorities, allocations, war or war conditions, riot or civil commotion, sabotage, strikes, lockouts, labor disputes, accidents, fire, flood, explosion, damage to plant equipment or facilities or delays in receiving necessary materials.

20. MODIFICATION OF LEASE

This Lease exclusively and completely states the rights of Lessor and Lessee with respect to the Cars. No modification, variation, termination, discharge or abandonment hereof and no waiver of any of the provisions or conditions shall be valid unless in writing and signed by duly authorized representatives of Lessor and Lessee, or the successors, transferees or assigns of either, subject, however, to the limitations on assignment hereof by Lessee. This Lease supercedes any and all prior representations, warranties and/or inducements, written or oral, heretofore made by Lessor concerning this transaction, which are null and void and of no force or effect whatsoever.

21. HEADINGS AND CERTAIN REFERENCES

All paragraph headings are inserted for convenience only and shall not effect any construction or interpretation of this Lease. Unless otherwise indicated, all references herein to clauses and other subdivisions refer to the corresponding paragraphs, clauses and other subdivisions of this Lease; the words "herein", "hereof," "hereby," "hereto," "hereunder," and words of similar import refer to this Lease as a whole and not to any particular paragraph, clause or other subdivision hereof; and reference to a numbered or lettered subdivision of a paragraph shall include relevant matter within the section which is applicable to but not within such numbered or lettered subdivision.

22. CERTAIN APPLICABLE LAWS.

Any provision hereof prohibited by or unlawful or unenforceable under any applicable law of any jurisdiction shall as to such jurisdiction be ineffective without modifying the remaining provisions of this Lease. Where, however, the provisions of any such applicable law may be waived, they are hereby waived by Lessee to the full extent permitted by law, to the end that this Lease shall be deemed to be a valid, binding agreement enforceable in accordance with its terms.

23. 360 DAY YEAR.

Computations hereunder involving the determination of interest shall be made on the basis of a 360-day year of twelve 30-day months.

24. NOTICES.

All demands, notices and other communications hereunder shall be in writing and shall be deemed to have been duly given when personally delivered to Lessee or any officer of Lessor or delivered to the United States Post Office, registered or certified, postage prepaid, or to a telegraph office, charges prepaid, addressed as follows:

If to Lessor:

Greyhound Leasing & Financial Corporation
Greyhound Tower
Phoenix, Arizona 85077
Attention: Vice President-Operations

If to Lessee:

Parker Brothers & Co., Inc.
P. O. Box 107
Houston, Texas 77001

or to such other addresses as may hereafter be furnished in writing by either party to the other.

25. GOVERNING LAW.

The provisions of this Lease and all rights and obligations hereunder shall be governed by and construed in accordance with the laws of the State of Texas.

26. SURVIVAL OF COVENANTS.

Any other provisions contained in this Lease to the contrary notwithstanding, it is hereby agreed that the provisions of paragraphs 7, 8, 9, 10, 11, 12, 13, 14, 15 and 16 shall survive the expiration or termination hereof.

27. SUCCESSORS AND ASSIGNS

Subject to the provisions of paragraph 14, this Lease shall be binding upon and shall inure to the benefit of Lessor and Lessee and their respective successors and assigns, and no other persons shall have or acquire any right under or by virtue of this Lease.

28. FURTHER ASSURANCES

Lessee agrees from time to time throughout the term of this Lease to execute such additional documents and to perform such further acts as may be reasonably requested by Lessor in order to carry out and effectuate the purposes and intents of this Lease.

29. EXECUTION IN COUNTERPARTS

This Lease may be executed simultaneously in several counterparts, each of which so executed shall be deemed to be an original, and all such counterparts together shall constitute but one and the same instrument.

30. DOCUMENTS

As soon hereafter as feasible and in any event prior to Lessor's purchase of the first Car, Lessee shall at its sole cost and expense execute, deliver and/or file and record or cause to be executed, delivered and/or filed and recorded to or for Lessor, as the case may be, the following documents:

30.(a) A favorable legal opinion of Lessee's independent legal counsel which must be acceptable to Lessor, in the form set forth in paragraph 5(a) above.

30.(b) A certified copy of the Resolution adopted by the Board of Directors of Lessee, authorizing the execution of and performance under this Lease.

30.(c) A certificate of insurance issued by an insurer acceptable to Lessor, in which Lessor appears as a named insured and which evidences Lessee's purchase of (i) an all-risk insurance policy covering the Cars and having policy limits of not less than those specified in Exhibit E hereto, which by this reference is incorporated herein as if set forth in its entirety, and (ii) a public liability policy in an amount acceptable to Lessor, all in accordance with paragraph 9 above.

30.(d) Such other agreements, certificates or other instruments in writing as shall be deemed necessary or desirable by Lessor or its counsel in order to more fully and completely secure, protect, perfect or preserve Lessor's ownership interest in and to the Cars, including without limitation UCC Financing Statements.

30.(e) The corporate guarantee agreement described in paragraph 14(d) above.

31. Lessee shall file and record this Lease with the Interstate Commerce Commission in accordance with Section 20c of the Interstate Commerce Act, as soon as practicable.

IN WITNESS WHEREOF, Lessor has caused this Lease to be executed in its corporate name by one of its officers thereunto duly authorized and its corporate seal to be hereunto affixed and duly attested, and Lessee has caused this Lease to be executed on its behalf by the Lessee thereunto duly authorized, all as of the day and year first above written.

PARKER BROTHERS & CO., INC.

GREYHOUND LEASING & FINANCIAL CORPORATION

By D. B. Parker
Title: Vice President

By [Signature]
Vice President

By _____
Title: _____

By [Signature]
Assistant Secretary

STATE OF TEXAS)
) SS.
COUNTY OF HARRIS)

On this 20 day of February, 1976, before me personally appeared James A. Foley, to me personally known, who, being by me duly sworn, said that he is a Vice President of GREYHOUND LEASING & FINANCIAL CORPORATION; that said instrument was signed this day on behalf of said Corporation by authority of its Board of Directors; and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.

My Commission Expires:

Shelia Brashear
Notary Public

June 1, 1977

STATE OF TEXAS)
) SS.
COUNTY OF HARRIS)

On this 20 day of February, 1976, before me personally appeared D. R. Parker, to me personally known, who being by me duly sworn said that he is Vice President of PARKER BROTHERS & CO., INC. and that said instrument was signed on behalf of said corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Shelia Brashear
Notary Public

My Commission Expires:

June 1, 1977

EXHIBIT A

SUPPLEMENT

EQUIPMENT LEASE AGREEMENT

1. Description of Equipment covered by this Supplement:

Fifty-five (55) standard rapid discharge bottom dump three
pocket railroad cars.

2. Cost of the Equipment:

One Million Five Hundred Forty Thousand Dollars (\$1,540,000)

3. The Initial Term for Equipment covered by this Supplement:

One Hundred Eight (180) months

4. Rental:

4 (a) Payable in One Hundred Eighty (180) consecutive monthly
payments

4 (b) Payable monthly in advance

4 (c) The Rental Payment equals .994 percent (.994%) of
the Cost of the Equipment

5. Monthly Rental shall be \$15,308

6. Deposit: \$15,000

7. The vendor must deliver and sell the Equipment to Lessor on or
before April 30, 1976

8. The obligations of Lessor to purchase the Equipment and to place
it on lease to Lessee shall expire on April 30, 1976.

9. All demands, notices, consents requests and other communications

hereunder shall be, unless specifically provided otherwise in the Lease, in writing and shall be deemed to have been duly given when personally delivered to any officer of Lessor or Lessee, or when deposited in the mail, registered or certified, postage prepaid, addressed as follows:

To Lessor: Greyhound Leasing & Financial Corporation
Greyhound Tower
Phoenix, Arizona 85077
Attention: Vice President - Operations

To Lessee: At its principal place of business set forth below

10. The terms used herein shall have the same meanings accorded to such terms in the Lease, unless the context otherwise requires.

IN WITNESS WHEREOF, the parties hereto have executed this Supplement this _____ day of _____, 19____.

PARKER BROTHERS & CO., INC.,
LESSEE (A corporation existing
under the laws of Texas
and having as its principal
place of business:
5303 Navigation - P.O. Box 107
Houston, TX 77001

GREYHOUND LEASING & FINANCIAL
CORPORATION, LESSOR

By _____
Its

By _____
Its

(SEAL)

(SEAL)

EXHIBIT B TO EQUIPMENT LEASE
BETWEEN GREYHOUND LEASING & FINANCIAL CORPORATION
AND PARKER BROTHERS & CO., INC.,
DATED _____, 1975

CERTIFICATE OF INSPECTION AND ACCEPTANCE

Parker Brothers & Co., Inc. ("Lessee") does hereby certify to Greyhound Leasing & Financial Corporation ("Lessor") that Fifty Five (55) standard rapid discharge bottom dump three pocket rail cars manufactured by Ortner ("Manufacturer"), bearing the identifying reporting mark _____ and car numbers of Lessee as follows:

have been delivered as of this _____ day of _____, ("Delivery Date") pursuant to the Equipment Lease dated as of _____, 19____, between Lessor and Lessee ("the Lease"); and the Lease with respect to said Delivered Cars shall commence as of the said Delivery Date.

The Lessee further certifies:

1. That during the manufacture of said Delivered Cars by the Manufacturer, Lessee through qualified inspectors, inspected, in accordance with inspection and testing practices and methods which in their opinion are adequate for the protection of Lessor, the materials and other components which were incorporated in and the construction of said Delivered Cars;

2. That the materials and other components incorporated in and the construction of said Delivered Cars comply fully with, and said Delivered Cars have been completed in full accordance with, the Specifications referred to in the Lease; and were otherwise in all respects satisfactory and acceptable to Lessee on said Delivery Date.

3. That said Delivered Cars have been delivered in good order and ready for service by the Manufacturer directly to Lessee, and were accepted by Lessee as of the Delivery Date in accordance with the provisions of the Lease;

4. That there was plainly, distinctly and conspicuously placed upon each side of each of such Delivered Car at the time of its delivery and acceptance a legend bearing the following words in letters not less than one inch in height:

"GREYHOUND LEASING & FINANCIAL CORPORATION,
PHOENIX, ARIZONA, OWNER AND LESSOR"

5. That the representations and warranties contained in Section 4(b) of the Lease were true as of the Delivery Date, and that there has been no Event of Default as defined in Section 12 of the Lease as of the Delivery Date.

Dated: _____

PARKER BROTHERS & CO., INC.

By _____

Its _____

DRAFT - TO BE TYPED ON LESSEE'S LETTERHEAD

(Date)

Attention: Mr. James N. Dunnum, Administration Manager

Gentlemen:

By this letter, Parker Brothers & Co., Inc. ("Lessee") warrants and confirms the following to Greyhound Leasing & Financial Corporation:

1. The equipment described on the attachment(s) to this letter has been delivered by the vendor to Lessee.
2. Lessee has inspected the equipment and this preliminary inspection reveals that the equipment conforms to that which Lessee ordered from the vendor.
3. Accordingly, Lessee does hereby authorize Greyhound Leasing & Financial Corporation to purchase this equipment directly from the vendor thereof, for purposes of leasing the same to Lessee under the terms of the Equipment Lease Agreement dated _____.
4. The equipment has not been used or placed into service by Lessee as of the date hereof.
5. As of the date hereof, Lessee is not in default under the Equipment Lease Agreement.
6. Lessee confirms that the representations and warranties made by Lessee in the Equipment Lease Agreement are true and correct as of the date hereof.

Very truly yours,

PARKER BROTHERS & CO., INC.

By _____
Its _____

EXHIBIT C TO EQUIPMENT LEASE
BETWEEN GREYHOUND LEASING & FINANCIAL CORPORATION
AND PARKER BROTHERS & CO., INC.
DATED _____, 1975

SUPPLEMENT DATED _____, 197__ TO LEASE OF RAILROAD
EQUIPMENT DATED AS OF _____, 197__ FROM GREYHOUND
LEASING & FINANCIAL CORPORATION, LESSOR, TO PARKER BROTHERS & CO.,
INC., LESSEE.

Lessor and Lessee agree that the Cars, as defined below,
are the only cars subject to the Lease and that all other cars
described in the Lease are hereby deleted therefrom.

Lessor and Lessee hereby confirm that the below described
standard rapid discharge bottom dump three pocket rail cars ("the
Cars") manufactured by Ortner ("Manufacturer") for sale to Lessor
were delivered to Lessee on or before the date hereof:

Lessor and Lessee confirm that the Cars were inspected by
duly appointed and authorized representatives of Lessee in accor-
dance with Section 1 of the aforesaid Lease. Such inspection
showed (a) that the Cars have been constructed in accordance
with the Specifications, all applicable Federal Railroad Adminis-
tration requirements and all standards recommended by the Associa-
tion of American Railroads and (b) that there was plainly, dis-
tinctly, permanently and conspicuously placed upon each side of
each Car a legend on which plainly and conspicuously appear the

"GREYHOUND LEASING & FINANCIAL CORPORATION
PHOENIX, ARIZONA, OWNER AND LESSOR".

and that each side of each Car was plainly and distinctly marked with the Lessee's Road Number set forth above with respect thereto.

Lessor and Lessee confirm that on the aforesaid dates of delivery the Cars were duly accepted by a representative of Lessee in accordance with Section 1 of the Lease of Railroad Equipment, and Lessee acknowledges that the Cars are now held by Lessee subject to the terms and conditions of the aforesaid Lease of Railroad Equipment, including the payment of the Rentals provided for therein with respect to the Cars to Lessor.

IN WITNESS WHEREOF, Lessor has caused this Supplement to be executed in its corporate name, by one of its officers thereunto duly authorized, and its corporate seal to be hereunto affixed and duly attested, and Lessee has caused this Supplement to be executed on its behalf by one of the Lessees thereunto duly authorized, the day and year first above written.

ATTEST:

GREYHOUND LEASING & FINANCIAL
CORPORATION

By _____

Its _____

PARKER BROTHERS & CO., INC.

By _____

Its _____

EXHIBIT D TO EQUIPMENT LEASE
BETWEEN GREYHOUND LEASING & FINANCIAL CORPORATION
AND PARKER BROTHERS & CO., INC.
DATED February 20, 1976

The table below provides a list of Lessor's Stipulated Loss Values states as a percentage of the Cost calculated for each quarterly period throughout each successive year of the Lease term assuming that all of the monthly Rentals have been made when due:

<u>Quarter</u>	<u>Percentage</u>
1	101.75
2	102.43
3	103.06
4	103.62
5	104.11
6	104.55
7	104.92
8	105.23
9	105.48
10	105.66
11	105.79
12	105.85
13	99.45
14	99.42
15	99.34
16	99.19
17	98.98
18	98.71
19	98.37
20	97.97
21	93.12
22	92.18
23	91.19
24	90.14
25	89.04
26	87.90
27	87.02
28	86.13
29	84.14
30	82.78

(Cont'd.)

<u>Quarter</u>	<u>Percentage</u>
31	81.37
32	79.91
33	78.40
34	76.84
35	75.22
36	73.56
37	71.84
38	70.07
39	68.24
40	66.37
41	64.44
42	62.46
43	60.43
44	58.35
45	56.21
46	54.03
47	51.79
48	49.50
49	47.16
50	44.76
51	42.32
52	39.82
53	37.27
54	34.67
55	32.01
56	29.31
57	26.55
58	23.74
59	20.88
60	17.97
THEREAFTER	15.00

EXHIBIT "E" TO EQUIPMENT LEASE BETWEEN GREYHOUND LEASING & FINANCIAL CORPORATION AND PARKER BROTHERS & CO., INC.

DATED February 20, 1976

Lessee shall maintain or cause to be maintained, with respect to its activities and operations in which the Cars shall be utilized, personal and property damage liability insurance of the scope normally carried by Lessee and in such types as are customarily carried by comparable companies under similar circumstances, such insurance to be maintained through commercial insurers of recognized responsibility. All liability insurance policies shall be primary and without right of contribution from other insurance which is carried by Lessor, which name both Lessor and Lessee as insureds, and which expressly provide that all of the insurance provisions, except the limit of liability shall operate in the manner as if there were a separate policy covering each insured. Personal injury liability insurance shall be in the amount of \$250,000/\$500,000 with excess of \$5,000,000. The insurance coverage above described covers liability of Lessee, including liability assumed under any contract or agreement arising out of any occurrence or occurrences caused or growing out of Lessee's operations anywhere in the world and/or operations incidental thereto.

EXHIBIT F

CORPORATE GUARANTEE AGREEMENT

THIS GUARANTEE AGREEMENT ("Guarantee") made this 20 day of February, 1976, between HOUSTON BARGE LINE, INC. and GREENS BAYOU MACHINE CO., corporations having their principal places of business in Houston, Texas and LAKE CHARLES DREDGING & TOWING COMPANY, INC., a corporation having its principal place of business in Lafayette, Louisiana ("Guarantors"), and GREYHOUND LEASING & FINANCIAL CORPORATION, a Delaware corporation having its office and principal place of business at Greyhound Tower, Phoenix, Arizona 85077 ("Greyhound").

WITNESSETH:

WHEREAS, Greyhound is contemplating entering into an Equipment Lease Agreement ("Lease") with PARKER BROTHERS & CO., INC., a Texas corporation ("Lessee"), to be dated February 20, 1976, whereby Greyhound as Lessor thereunder, will lease to Lessee the items of equipment ("Equipment") described in the Lease upon the terms and conditions thereof; and

WHEREAS, Guarantors are wholly owned subsidiaries of Lessor, and

WHEREAS, Greyhound is willing to enter into the Lease with Lessee only if Guarantors agree to jointly and severally guarantee the full, prompt, complete and faithful performance of all the terms, covenants and conditions on Lessee's part to be performed under the Lease.

NOW, THEREFORE, in consideration of Greyhound's execution of the Lease and for other good and valuable considerations, Guarantors do hereby agree as follows:

1. Guarantors unconditionally and jointly and severally guarantee the full, prompt, complete and faithful performance, payment, observance and fulfillment by Lessee of all the obligations, covenants and conditions of the Lease (including any and all amendments, modifications, supplements or riders thereto that heretofore have been or hereafter may be agreed to by Lessee and Greyhound), including the payment of all sums that may become due to Greyhound from Lessee thereunder; and, in the event that Lessee should fail to perform or discharge any of its obligations or covenants or fail to pay any of said sums to Greyhound, Guarantors agree, upon Greyhound's request, to perform said covenants and obligations immediately or promptly pay said sums, or cause the same to be promptly performed and paid.

2. This Guarantee shall not be limited to any particular period of time, but rather shall continue and shall be irrevocable until all the terms, covenants and conditions of the Lease (including any and all amendments, modifications, supplements or riders thereto) have been fully and completely performed by Lessee or otherwise discharged and/or released by Greyhound, and Guarantors shall not be released from any duty, obligation or liability hereunder so long as there is any claim of Greyhound against Lessee arising out of the Lease (including any and all amendments, modifications, supplements or riders thereto) which has not been performed, settled or discharged in full. Further, Guarantors shall not be released, nor shall Guarantors' obligations hereunder in any way be diminished by: (i) any extension of time for payment granted Lessee by Greyhound, or (ii) any action taken under the Lease by Greyhound in the exercise of any right thereby conferred, or (iii) any delay, failure or omission on the part of Greyhound to enforce any such right; and Greyhound shall have the full power and authority, without notice to Guarantors, to grant any extensions of time for the payment of any indebtedness or the performance of any obligations under the Lease as may seem proper to it.

3. Guarantors hereby waive: (a) notice of acceptance and reliance upon this Guarantee by Greyhound, and (b) notice of any and all extensions, modifications and/or waivers in the obligations of Lessee to Greyhound under the Lease. Guarantors hereby acknowledge and agree that any failure on the part of Greyhound to give notice to Guarantors of any default by or on the part of Lessee under the Lease shall not in any way jeopardize or impair the rights of Greyhound to proceed against Guarantors for recovery of any and all sums properly due under the Lease and this Guarantee.

4. Guarantors' liability hereunder shall not be affected in any manner by the fact that Greyhound may receive or accept additional or other security for the performance and payment of Lessee's obligations under the Lease, nor shall such liability be affected in any manner by the fact that Greyhound may from time to time release part of or all the security for the performance and payment of Lessee's obligations under the Lease.

5. Guarantors' liability hereunder shall be primary, direct and immediate, and shall not be conditional or contingent upon Greyhound's pursuit of whatever remedies it may have against Lessee, including a resort to the cars or other security for the performance of any obligation of Lessee under the Lease, and suit may be brought, instituted or maintained against Guarantors in the first instance and without the necessity of the joinder of Lessee or of any other party or parties.

6. Any and all payments made pursuant to the provisions of this Guarantee shall be regarded as payments in gross, and consequently Guarantors shall not have the right of subrogation to any

rights or remedies that Greyhound now has or hereafter may have against Lessee, its successors and assigns, unless and until Greyhound's claims against Lessee, its successors and assigns shall have been satisfied in full.

7. Guarantors do hereby represent and warrant to Greyhound that:

(a) Guarantors are wholly owned subsidiaries of Lessee.

(b) Guarantors are corporations duly organized, validly existing and in good standing under the laws of the states of their incorporation, and are duly qualified to do business and in good standing as foreign corporations in every jurisdiction in which the nature of their business requires such qualification.

(c) Guarantors have taken all corporate action which may be required by their Charters or Articles or Certificates of Incorporation and their By-Laws, and by the laws to authorize the execution, delivery and performance of this Guarantee.

(d) The execution and delivery of this Guarantee and the performance by Guarantors of its obligations hereunder will not conflict with or violate any provisions of their Charters or Articles or Certificates of Incorporation or their By-Laws, or any provisions of, or result in a default or acceleration of any obligation under any mortgage, lease, contract, agreement, indenture, other instrument or undertaking, order, decree or judgment to which Guarantors are parties or by which they are bound.

(e) There is no litigation pending or threatened against Guarantors before any court or administrative agency which may have a materially adverse effect on the assets, business, financial condition or operations of Guarantors, or which would prevent or hinder the performance by Guarantors of their obligations under this Guarantee.

(f) This Guarantee is the valid obligation of Guarantors, binding and enforceable against them in accordance with the terms hereof.

8. Guarantors agree to deliver and supply Greyhound, at Guarantors' expense, with an opinion of legal counsel (which legal counsel must be acceptable to Greyhound) confirming and substantiating the accuracy of all warranties advanced by it under paragraph 7 hereof, and confirming that this Guarantee is valid and enforceable against Guarantors in accordance with the terms hereof.

9. In the event that Guarantors should fail or decline to pay any sums properly due Greyhound hereunder within ten (10) days following Greyhound's request for the payment of any such sums, then said sums shall bear interest at the same rate provided in the Lease for overdue rentals.

10. This Guarantee shall be construed under and be governed by the laws of the State of Arizona.

11. This Guarantee shall inure to the benefit of Greyhound, its successors and assigns, and shall be binding upon Guarantors, their successors and assigns.

12. Guarantors shall pay to Greyhound all reasonable sums as and for attorneys' fees and such costs and expenses as may be incurred by Greyhound in the enforcement of this Guarantee.

13. Guarantors do hereby confirm to Greyhound that their present addresses and principal places of business are as follows:

Houston Barge Line, Inc.
5303 Navigation, Houston, Texas 77011
Greens Bayou Machine Co.
5303 Navigation, Houston, Texas 77011
Lake Charles Dredging & Towing Company, Inc.
213 Bender Road, Lafavette, Louisiana 70501

And it does agree to promptly notify Greyhound in writing of any change thereof.

IN WITNESS WHEREOF, the parties hereto have set their hands and seals as of the day and year first above written.

GREYHOUND LEASING & FINANCIAL
CORPORATION

By _____
Vice President

By _____
Secretary

GUARANTORS:

HOUSTON BARGE LINE, INC.

By _____
Its _____

LAKE CHARLES DREDGING & TOWING
COMPANY, INC.

By _____
Its _____

GREENS BAYOU MACHINE CO.

By _____
Its _____

EXHIBIT G

14.3. *Payment of Taxes and Claims.* The Company will, and will cause each Subsidiary to, pay all taxes, assessments, rates, excises, levies, fees and other governmental charges or levies imposed upon it or any of its properties or assets or in respect of any of its franchises, business, income or profits before any penalty or interest accrues thereon and all claims (including, without limitation, claims for labor, services, materials and supplies) for sums which have become due and payable and which by law have or might become a vendor's lien or mechanics', laborers', materialmen's, statutory or other similar lien upon any of its properties or assets; provided, however, neither the Company nor any Subsidiary shall be required to pay any such tax, assessment, rate, excise, levy, fee, charge or claim if (i) the amount, applicability or validity thereof is currently being contested in good faith by appropriate action promptly initiated and diligently conducted and (ii) the Company or such Subsidiary, as the case may be, shall have set aside on its books reserves (segregated to the extent required by sound accounting practices) deemed by it to be adequate with respect thereto.

14.4. *Corporate Existence, etc.* The Company will, and will cause each Subsidiary to, do all things necessary to preserve and keep in full force and effect its corporate existence, rights, licenses, and franchises; provided, however, that nothing in this Subsection shall prevent (i) the abandonment or termination of the corporate existence, rights or franchises of any Subsidiary if, in the opinion of the Board of Directors of the Company, such abandonment or termination is in the best interest of the Company and not disadvantageous in any material respect to the holders of the Notes, or (ii) the abandonment or termination of rights or franchises of the Company, if in the opinion of the Board of Directors of the Company such abandonment or termination is in the best interest of the Company and not disadvantageous in any material respect to the holders of the Notes, or (iii) the withdrawal by the Company or any Subsidiary from any State or jurisdiction of its qualification as a foreign corporation and its authorization to do business in such State or jurisdiction, or (iv) a consolidation or merger permitted by Subsections 14.16 and 14.18 hereof.

14.5. *Maintenance of Properties; Conduct of Business.* The Company will, and will cause each Subsidiary to, maintain and keep its properties in good repair, working order and condition, and from time to time make all needful and proper repairs, renewals and replacements thereof, so that the business carried on in connection therewith may be properly and advantageously conducted at all times; provided, however, that the Company or any Subsidiary may cease to operate any of its plants or any other property if, in the judgment of the Board of Directors of the Company, it is advisable and in the best interest of the Company and the holders of the Notes not to operate the same.

14.6. *Insurance.* The Company will maintain or cause to be maintained, with reputable insurance companies or associations of high standing, insurance with respect to its properties and business and the properties and business of its Subsidiaries against such casualties and contingencies as are customarily insured against by companies of established reputation similarly situated, in such amounts as such properties are usually insured by such companies, including, without limitation, insurance of the types and descriptions set forth in the Insurance Report. All insurance policies for which provision has been made in this Subsection 14.6 which insure or relate to property or assets subject to the Deed of Trust, the Ship Mortgage, any Security Agreement or any Subsidiary Ship Mortgage shall comply with the provisions in respect thereof contained in such instruments. The Company will, and will cause each Subsidiary to, comply with all the terms and conditions of all insurance policies with respect to its property and business or any part thereof and with all requirements of the Board of Underwriters or similar bodies applicable thereto.

14.7. *Liens.* The Company will not, and will not permit any Subsidiary to, (i) create, assume or incur, or suffer to be created, assumed or incurred or to exist, any Liens upon any property of any character of the Company or any Subsidiary, whether now owned or hereafter acquired, or (ii) give its consent to the subordination of any right or claim (then existing and not at the time so subordinated) of the Company or such Subsidiary to any right or claim of another Person; excluding, however, from the operation of this Subsection

(a) the Liens of the Deed of Trust, the Ship Mortgage, the Security Agreements and the Subsidiary Ship Mortgages,

(b) Liens created or incurred by a Subsidiary as security for Indebtedness owing to the Company or another Subsidiary,

(c) purchase money Liens on property acquired after the date hereof or Liens existing on such property at the time of acquisition thereof, or, in the case of any corporation which becomes a Subsidiary after the date hereof, Liens existing at the time such corporation became or becomes a Subsidiary, and the replacement, extension or renewal of any Lien permitted by this Clause (c) on the same property theretofore subject thereto or the replacement, extension or renewal (without increase) of the Indebtedness secured thereby, provided in each case that (i) no such Lien shall extend to or cover any other property of the Company or of such Subsidiary, as the case may be, (ii) the aggregate principal amount of all Indebtedness of the Company and all Subsidiaries secured by all Liens permitted by this Clause (c) shall not exceed \$250,000 at any one time outstanding and (iii) the Indebtedness secured by any Lien permitted by this Clause (c) shall not exceed the lesser of the cost or fair market value of the property subject thereto on the date such property became subject to such Lien,

(d) the Liens of the instruments set forth in Part A of Schedule III hereto securing, respectively, the Indebtedness listed in Part A of said Schedule III outstanding on the date hereof in principal amounts not exceeding those specified in such Schedule, but in the case of each such instrument only to the extent that property of the Company or a Subsidiary, as the case may be, was subject to the Lien thereof on the date hereof and to the extent that any property subsequently acquired by the Company or such Subsidiary, as the case may be, was or is subjected to the Lien of such instrument pursuant to the requirements thereof as in effect as of the date hereof,

(e) the Liens of the leases described in Part B of Schedule III hereto,

(f) Liens created or incurred after the date hereof on inventory and/or accounts receivable of the Company to secure, on an equal and prorata basis with the Notes and the Indebtedness from time to time outstanding under the Credit Agreement, the Current Indebtedness which the Company is permitted to incur and have outstanding under Clause (b) of Subsection 14.8 hereof, and Liens created or incurred after the date hereof on property not subject to the Deed of Trust or the Ship Mortgage as further security for such Current Indebtedness of the Company,

(g) Liens for taxes, assessments or governmental charges not due and delinquent; Liens for taxes, assessments or governmental charges already due, but the amount, applicability or validity of which is being contested at the time in good faith by appropriate proceedings and with respect to which the Company or the Subsidiary, as the case may be, has set aside on its books reserves deemed by it adequate with respect thereto; pledges or deposits to secure obligations under workmen's compensation laws or similar legislation, including Liens of judgments thereunder which are not currently dischargeable; pledges or deposits to secure performance in connection with bids, tenders, contracts (other than contracts for the payment of money) or leases to which the Company or such Subsidiary is a party; deposits to secure public or statutory obligations of the Company or such Subsidiary; materialmen's, mechanics', carriers', workmen's, repairmen's

or other like Liens arising in the ordinary course of business, or deposits to obtain the release of such Liens; deposits to secure surety, appeal or customs bonds to which the Company or such Subsidiary is a party; Liens created by or resulting from any litigation or legal proceeding which is currently being contested in good faith by appropriate proceedings; landlord's Liens under leases to which the Company or such Subsidiary is a party; but, as to all of the foregoing, only to the extent incurred or made, and continuing, as an incident to the operation of the business of the Company or such Subsidiary; and zoning restrictions, easements, licenses, restrictions on the use of real property or minor defects or irregularities in the title thereto, which do not materially impair the use of such property in the operation of the business of the Company or such Subsidiary or the value of such property for the purpose of such business,

(h) the Liens of the instruments securing, respectively, the existing indebtedness of the Company referred to in the first paragraph of Section 6 hereof, provided that no such Lien shall exist and no such indebtedness shall be outstanding on or after the Closing Date,

(i) Liens created or incurred by the Company on property not subject to the Deed of Trust or the Ship Mortgage as security for Indebtedness created, assumed or incurred by the Company pursuant to paragraph (a) of Subsection 10.5 hereof, provided in each case that the Indebtedness secured by any Lien permitted by this Clause (i) shall not exceed 200% of the lesser of the cost or fair market value of the property subject thereto on the date such property became subject to such Lien,

(j) Liens created or incurred after the date hereof on property not subject to the Deed of Trust or the Ship Mortgage as security for Indebtedness permitted by Subclause (1)(v) of Clause (a) of Subsection 14.8 hereof, and

(k) any "Permitted Encumbrances", as defined in the Deed of Trust, the Ship Mortgage, the Security Agreements and the Subsidiary Ship Mortgages, not included in the Liens permitted by the foregoing Clauses (a) to (j), inclusive.

14.8. Indebtedness and Guaranties. (a) The Company will not, and will not permit any Subsidiary to, create, assume or incur, or suffer to exist, or in any manner be or become liable in respect of, any Indebtedness other than:

(1) in the case of the Company, (i) the Indebtedness evidenced by the Notes, (ii) Indebtedness, not exceeding an aggregate of \$3,000,000 in principal amount outstanding at any one time, incurred pursuant to the Credit Agreement, including any extensions or renewals thereof; provided, however, that for a period of at least thirty consecutive days during each fiscal year (commencing with the fiscal year beginning June 1, 1976) the Company shall not have outstanding any such Indebtedness pursuant to this Subclause (ii), (iii) unsecured Indebtedness owing to a Subsidiary, (iv) Indebtedness (secured or unsecured), not exceeding an aggregate of \$100,000 outstanding at any one time, for money borrowed from banks and from other Persons and (v) Indebtedness created, assumed or incurred for the purpose of prepaying Notes as provided in paragraph (a) of Subsection 10.5 hereof and paragraphs (g) and (h) of Subsection 11.1 hereof;

(2) in the case of the Company or any Subsidiary, (i) the Indebtedness of the Company or such Subsidiary, respectively, described in Part A of Schedule III attached hereto, but not any renewals, extensions or refundings thereof, (ii) liabilities for taxes, assessments, governmental charges or levies, (iii) unsecured Current Liabilities (exclusive of Indebtedness for money borrowed) for accounts payable and expense accruals incurred or assumed in the ordinary course of business, which accounts payable have not remained unpaid for a period of six months after the same became an account payable unless currently being contested by the Company or such Subsidiary in good faith by appropriate proceedings, (iv) Indebtedness arising as a result of the endorsement in the ordinary course of business of negotiable instruments in the course of collection, (v) rental obliga-

tions permitted by Subsection 14.10 hereof, and (vi) Indebtedness secured by Liens which the Company or such Subsidiary is entitled to create, assume or incur or suffer to exist under Subsection 14.7 hereof; and

(3) in the case of any Subsidiary, (i) Indebtedness owing to the Company or another Subsidiary and (ii) Indebtedness resulting from the obligations of such Subsidiary under its Guaranty and Subordination Agreement to be executed and delivered pursuant to Subsections 7.4 or 14.22 hereof.

(b) Notwithstanding the provisions of paragraph (a) (1) above, in case the Bank shall refuse, for any reason other than the failure by the Company to comply with and perform the terms and provisions thereof, to extend the term of the Credit Agreement for an additional period or periods ending on or after August 31, 1988, then the Company shall be permitted to incur and have outstanding, during the period after September 15, 1974 and prior to August 31, 1988 in which the Credit Agreement shall not be so extended by the Bank, Current Indebtedness for money borrowed from Persons other than the Bank, provided that (i) the aggregate principal amount of Current Indebtedness incurred or permitted to exist by this paragraph shall not at any time exceed \$3,000,000 less the aggregate principal at such time outstanding under the Credit Agreement and (ii) for a period of at least thirty consecutive days during each fiscal year (commencing with the fiscal year next following the fiscal year in which Current Indebtedness is first outstanding under this paragraph) the Company shall not have outstanding any such Current Indebtedness pursuant to this paragraph (b).

(c) The Company will not, and will not permit any Subsidiary to, create, assume or incur, or guarantee or otherwise become or be liable in respect of, any Indebtedness for money borrowed, advances made, goods purchased or services rendered, if the lender of such money or the Person making such advances or the vendor of such goods or the supplier of such services (or any Person who guarantees or becomes surety for all or any part of such Indebtedness or acquires any right or incurs any obligation to become, either immediately or upon the occurrence of some future contingency, the owner of all or any part thereof) shall, either immediately or upon the occurrence of insolvency or some other contingency, have any right, by reason of any statute (including, without limitation, U. S. Revised Statutes §3466, 31 U. S. C. A. §191) or otherwise, to have any claim in respect of such Indebtedness first satisfied out of the general assets of the Company or such Subsidiary in priority to the claims of its general creditors. The foregoing shall not be construed to prohibit claims for wage priorities.

14.9. *Restrictions on Investments in Outside Persons.* The Company will not, and will not permit any Subsidiary to, make any Investment in Outside Persons in excess of the amount of dividends which might then be declared on any class of stock of the Company under the provisions of Subsection 14.13 hereof. For purposes of the foregoing, an investment shall be deemed to have been made when the Company or a Subsidiary, as the case may be, has made a firm commitment (including a guarantee) to make such investment.

14.10. *Restrictions on Lease-Backs, Rental Obligations, etc.* (a) The Company will not, and will not permit any Subsidiary to, enter into any sale and lease-back or similar arrangement with any Person, other than the Company or another Subsidiary, whereby the Company or such Subsidiary will become a lessee of any property which has been or is to be sold or transferred by the Company or such Subsidiary.

(b) The Company will not permit the aggregate amount (determined on a consolidated basis) of the net rental obligations of the Company and its Subsidiaries for any current or future twelve month period under all long-term leases of plant sites and improvements thereon to be at any time in excess of \$200,000. For purposes of this paragraph (b), long-term lease shall mean, with respect to any lease entered into on or before the date hereof, any lease with an unexpired term, including all extension and renewal options reserved to the lessor, in excess of five years,

and, with respect to any lease entered into after the date hereof, any lease with a term, including all extension and renewal options reserved to the lessor, in excess of five years.

(c) The Company will not permit the aggregate amount (determined on a consolidated basis) of the net rental obligations of the Company and its Subsidiaries for any current or future twelve month period under all leases in excess of one year, including all extension and renewal options reserved to the lessor, of equipment, including, but not limited to, trucks, cars, vessels, railroad cars, loading equipment, mining machinery, manufacturing equipment, furniture, and office machines, to be at any time in excess of \$2,500,000.

(d) The Company will not permit the aggregate amount (determined on a consolidated basis) of the net rental obligations of the Company and its Subsidiaries for any current or future twelve month period under all leases of real and/or personal property (including the leases described in paragraphs (b) and (c) above) to be at any time in excess of \$3,200,000.

(e) For purposes of paragraphs (c) and (d) above, the net rental obligations under leases hereafter made by the Company, as lessee, with respect to an aggregate of not more than 100 railroad cars to be used solely in the conduct of the business of the Company and its Subsidiaries shall be included in any calculations made under such paragraphs only to the extent that such net rental obligations exceed annually the aggregate sum of \$170,000, which sum shall be reduced proportionately with the number of such 100 railroad cars which the Company or any Subsidiary shall purchase or otherwise acquire after the date hereof. For purposes of this Subsection 14.10, the net rental obligations of the Company or any Subsidiary for any current or future twelve month period under any lease shall be the sum of the rental and other amounts required to be paid in such twelve month period by the Company or such Subsidiary, as the case may be, thereunder and with respect thereto, not including, however (whether or not designated in such lease as rental or additional rental payable thereunder), (i) any amounts required to be paid on account of insurance, taxes, assessments, water rates and similar charges or (ii) royalties, bonuses, severance taxes, production payments, license fees and similar charges required to be paid on account of removal or production of limestone, sand, gravel, shell or other minerals or property and based upon the amount of such property produced or removed (other than amounts required to be paid to maintain the effectiveness of any lease without regard to such removal or production).

14.11. *Maintenance of Consolidated Net Working Capital, etc.* (a) The Company will maintain Consolidated Net Working Capital in an amount not less than (i) \$4,500,000 at all times prior to June 1, 1976, and (ii) \$5,000,000 at all times from and after June 1, 1976.

(b) The Company will not permit the ratio of its Consolidated Current Assets to its Consolidated Current Liabilities to be less than (i) 1.3 to 1.0 at any time prior to June 1, 1976, and (ii) 1.5 to 1.0 at any time from and after June 1, 1976.

14.12. *Maintenance of Consolidated Tangible Net Worth.* The Company will not at any time after June 1, 1973 permit Consolidated Tangible Net Worth to be less than the greater of (i) \$15,500,000 or (ii) 50% of Total Liabilities.

14.13. *Restricted Payments.* The Company will not (a) declare any dividend on any class of its stock (other than a dividend payable solely in stock of the Company) or (b) make or commit to make any other Stock Payment (such dividends and other Stock Payments being hereinafter collectively called "Restricted Payments"), unless any such dividend is declared to be payable not more than sixty days after the date of declaration and unless, after giving effect as if made to the Restricted Payment proposed to be declared, made or committed for, each of the following conditions is complied with at the date of the declaration of a dividend or at the date of making (and also the date of any commitment to make) any other Restricted Payment (hereinafter in each case called the "Computation Date"):

(i) no Event of Default shall have occurred and be continuing.

(ii) the sum of (A) the aggregate amount of all Restricted Payments declared in the case of dividends and made in the case of other Restricted Payments during the period commencing June 1, 1973 to and including the Computation Date (hereinafter in each case called the "Computation Period", plus (B) the aggregate amount of all Investments in Outside Persons of the Company and its Subsidiaries existing on the Computation Date over \$50,000 shall not exceed the sum of (C) \$200,000, plus (D) 50% of Consolidated Net Income of the Company and its Subsidiaries for the Computation Period, and

(iii) the Company shall be in compliance with the covenants contained in Subsections 14.11 and 14.12 hereof.

Subject to Subsections 14.16 and 14.18 hereof, the Company will not permit any Subsidiary to purchase or otherwise acquire or own any shares of stock of any class of the Company, or any securities convertible into shares of stock of any class of the Company, or any warrant, option, right to purchase, subscribe for or otherwise acquire any such stock or securities.

14.14. Limitation on Sale or Issuance of Subsidiary Stock; Disposition of Subsidiary Stock and Indebtedness. The Company will not permit any Subsidiary to issue or sell any shares of stock of any class (except to qualify directors), or any securities convertible into or exchangeable for or carrying rights to subscribe for shares of stock of any class, of such Subsidiary to any Person other than the Company. The Company will not sell, transfer or otherwise dispose of (except to a Subsidiary) any shares of stock (except to qualify directors) or any Indebtedness of any Subsidiary or permit any Subsidiary to sell, transfer or otherwise dispose of (except to the Company or a Subsidiary) any shares of stock or any Indebtedness of any other Subsidiary.

14.15. Company Management. The Company shall give written notice to the Purchasers then holding Notes of the termination of employment of William R. Parker, Jr., as President of the Company, or B. K. Parker, Jr., as a Vice President of the Company, which notice shall specify the effective date of the termination and shall be given to such Purchasers promptly on receipt of knowledge by the Company of such termination. As soon as practicable following the giving of any such notice, on request of the Purchasers then holding Notes, the Company will meet and discuss with such Purchasers, or any of them, such termination of employment and the Company will use its best efforts to replace such terminated officer with a person satisfactory to it and such Purchasers.

14.16. Limitation on Subsidiary's Consolidation or Merger. The Company will not permit any Subsidiary to consolidate with or merge into any corporation (other than a Subsidiary or the Company) or permit any corporation (other than a Subsidiary or the Company) to merge into any Subsidiary unless

(a) immediately after giving effect to such consolidation or merger, the successor or surviving corporation shall be a Subsidiary, and there does not exist any condition or event which constitutes or which, after notice or lapse of time or both, would constitute an Event of Default,

(b) the corporation which is merging into or consolidating with such Subsidiary, or into which such Subsidiary is merging, shall, immediately prior to such merger or consolidation, be a solvent corporation organized under the laws of the United States of America or any state thereof or the District of Columbia whose operations and business are reasonably in keeping with any then conducted business of the Company or its Subsidiaries,

(c) the consolidated financial condition of the Company and its Subsidiaries shall not be materially adversely affected by such consolidation or merger,

(d) the shareholders of the Company immediately prior to the merger or consolidation, as a group, shall have Control of the Company immediately following such merger or consolidation, and

(c) the successor or surviving corporation shall, simultaneously with such consolidation or merger, execute and deliver to each holder of any of the Notes at the time outstanding an instrument, satisfactory in substance and form to each such recipient, expressly assuming the due and punctual performance and observance of all the terms, covenants, agreements and conditions of the Guaranty and Subordination Agreement, the Subsidiary Ship Mortgage and the Security Agreement of each Subsidiary (including such successor or surviving corporation if previously a Subsidiary) which is or was a constituent party to such consolidation or merger.

Notwithstanding the foregoing, the Company will not permit any Subsidiary to effect, or enter into a firm commitment to effect, any such merger or consolidation without thirty days prior written notice thereof having first been furnished to each Purchaser then holding Notes. Each such notice shall (i) be signed by the principal financial officer of the Company and such Subsidiary, (ii) specify the constituent parties to, and describe in sufficient detail the terms of, such proposed consolidation or merger and (iii) contain a statement that, in the opinion of the Company and the signers, such consolidation or merger is permitted by the provisions of this Subsection 14.16.

14.17. *Limitation on Disposition of Property of Subsidiaries.* The Company will not permit any Subsidiary to sell, transfer, lease or otherwise dispose of any of its properties and assets (other than (i) cash, (ii) assets and inventory held for sale in the ordinary course of business and sold in the ordinary course of business, (iii) automobiles, buses, trucks, cranes, loaders, tractors, trailers and similar vehicles (other than such thereof as are subjected or required to be subjected to the Lien of any Subsidiary Ship Mortgage) which are sold or replaced in the ordinary course of business and (iv) assets subject to the Security Agreement or the Subsidiary Ship Mortgage of such Subsidiary which are released from the respective Liens thereof as provided therein) to any Person other than the Company or a Subsidiary, provided that the foregoing shall not prohibit a Subsidiary from selling, transferring, leasing or otherwise disposing of, in any one fiscal year, any of its properties or assets having an aggregate net book value of not more than \$250,000 if the following conditions are satisfied:

(a) the Board of Directors of the Company shall have determined that the disposition of such properties is in the best interests of the Company;

(b) such properties are sold, leased or otherwise disposed of for a consideration and upon terms deemed by the Board of Directors of the Company to be adequate and satisfactory;

(c) if the consideration for any such sale, transfer, lease or other disposition shall include stock of any other corporation, immediately after such transaction such other corporation shall be a Subsidiary whose operations and business are reasonably in keeping with any business of the Company or its Subsidiaries at that time;

(d) if the consideration for any such sale or other disposition (other than a lease) shall include obligations of any other Person, such obligations shall be secured by a purchase money mortgage, lien or other security interest upon all or substantially all mortgageable fixed assets so sold or disposed of (and all improvements and fixtures thereafter placed thereon) ranking prior to any other Liens thereon other than Liens subject to which such fixed assets shall have been sold or disposed of and the Person to whom such sale, transfer, lease or other disposition is made shall be solvent and, if a corporation, organized under the laws of the United States of America or any State thereof or the District of Columbia;

(e) such sale, transfer, lease or other disposition shall not have a material adverse affect on the consolidated financial condition of the Company and its Subsidiaries and, immediately after giving effect thereto, no condition or event shall exist which constitutes or which, after notice or lapse of time or both, would constitute an Event of Default; and

(f) after giving effect to such disposition of properties as if made and to any concurrent disposition of properties by the Company or any Subsidiary, the aggregate net book value of all assets and properties disposed of during the then current fiscal year by all Subsidiaries pursuant to this Subsection 14.17 and by the Company pursuant to Subsection 14.19 hereof shall not exceed \$500,000.

14.18. *Limitation on Company's Consolidation or Merger.* The Company will not consolidate with or merge into any corporation (other than a Subsidiary) or permit any corporation (other than a Subsidiary) to merge into it, unless:

(a) the shareholders of the Company immediately prior to such merger or consolidation, as a group, shall have Control of the Company (or the surviving or successor corporation) immediately following such merger or consolidation;

(b) the Company (or the successor or surviving corporation formed thereby or resulting therefrom) shall, simultaneously with such consolidation or merger, execute and deliver to each holder of any of the Notes at the time outstanding an instrument, satisfactory in substance and form to each such recipient, expressly assuming the due and punctual payment of the principal of and the premium, if any, and interest on all of the Notes at the time outstanding, according to their tenor, and the due and punctual performance and observance of all of the terms, covenants, agreements and conditions of such Notes, this Agreement, the Deed of Trust and the Ship Mortgage to be performed or observed by the Company, to the same extent as if such successor corporation had originally executed this Agreement, the Deed of Trust and the Ship Mortgage in place of the Company and had been the original maker of such Notes;

(c) the Company (or the successor or surviving corporation) shall be a solvent corporation organized under the laws of the United States of America or any State thereof or the District of Columbia whose operations and business are, at the time of such merger or consolidation, reasonably in keeping with any then conducted business of the Company or its Subsidiaries; and

(d) the consolidated financial condition of the Company (or the successor or surviving corporation) and its Subsidiaries shall not be materially adversely affected thereby and, immediately after giving effect to such merger or consolidation, no condition or event shall exist which constitutes an Event of Default or which, with notice or lapse of time or both, would constitute an Event of Default.

Notwithstanding the foregoing, the Company will not effect, or enter into a firm commitment to effect, any such merger or consolidation without thirty days prior written notice thereof having first been furnished to each Purchaser then holding Notes. Each such notice shall (i) be signed by the principal financial officer of the Company, (ii) specify the constituent parties to, and describe in sufficient detail the terms of, such proposed consolidation or merger and (iii) contain a statement that, in the opinion of the Company and the signer, such consolidation or merger is permitted by the provisions of this Subsection 14.18.

14.19. *Limitation on Company's Disposition of Property.* The Company will not sell, transfer, lease or otherwise dispose of any of its properties and assets (other than (i) cash, (ii) assets and inventory held for sale in the ordinary course of business and sold in the ordinary course of business, (iii) automobiles, buses, trucks, cranes, loaders, tractors, trailers and similar vehicles (other than such thereof as are subjected or required to be subjected to the Liens of the Deed of Trust or the Ship Mortgage) which are sold or replaced in the ordinary course of business and (iv) assets subject to the Deed of Trust or the Ship Mortgage which are released from the respective Liens thereof as provided therein) to any Person other than a Subsidiary, provided that the foregoing shall not prohibit the Company from selling, transferring, leasing or otherwise disposing of, in any one fiscal year, any of its properties or assets having an aggregate net book value of not more than \$250,000 if the following conditions are satisfied:

(a) the Board of Directors of the Company shall have determined that the disposition of such properties is in the best interests of the Company;

(b) such properties are sold, leased or otherwise disposed of for a consideration and upon terms deemed by the Board of Directors of the Company to be adequate and satisfactory;

(c) if the consideration for any such sale, transfer, lease or other disposition shall include stock of any other corporation, immediately after such transaction such other corporation shall be a Subsidiary whose operations and business are reasonably in keeping with any business of the Company or its Subsidiaries at that time;

(d) if the consideration for any such sale or other disposition (other than a lease) shall include obligations of any other Person, such obligations shall be secured by a purchase money mortgage, lien or other security interest upon all or substantially all mortgageable fixed assets so sold or disposed of (and all improvements and fixtures thereafter placed thereon) ranking prior to any other Liens thereon other than Liens subject to which such fixed assets shall have been sold or disposed of and the Person to whom such sale, transfer, lease or other disposition is made shall be solvent and, if a corporation, organized under the laws of the United States of America or any State thereof or the District of Columbia;

(e) such sale, transfer, lease or other disposition shall not have a material adverse effect on the consolidated financial condition of the Company and its Subsidiaries and, immediately after giving effect thereto, no condition or event shall exist which constitutes or which, after notice or lapse of time or both, would constitute an Event of Default; and

(f) after giving effect to such disposition of properties as if made and to any concurrent disposition of properties by the Company or any Subsidiary, the aggregate net book value of all assets and properties disposed of during the then current fiscal year by all Subsidiaries pursuant to Subsection 14.17 hereof and by the Company pursuant to this Subsection 14.19 shall not exceed \$500,000.

No sale, lease, transfer or other disposition of assets permitted by this Subsection or Subsection 14.17 hereof shall have the effect of releasing the Company or any Subsidiary (or any other corporation which shall at any time have assumed the liabilities or obligations of the Company hereunder or with respect to any of the Notes) from any liability or obligation hereunder or with respect to any of the Notes.

14.20. *Transactions with Affiliates, etc.* Neither the Company nor any Subsidiary shall make any sale to or purchase from, extend credit to, make any payment for services rendered by or enter into any other transaction with, any Affiliate or any officer, director or holder of 5% or more of any class of stock of the Company, unless, in each case, such sale or purchase is made or such services are rendered or such other transaction is effected in the ordinary course of business and on terms and conditions at least as favorable to the Company or such Subsidiary as the terms and conditions which would apply in a similar transaction with a Person other than such Affiliate, officer, director or shareholder; provided, however, that the foregoing shall not apply to any transaction between the Company and any Subsidiary or between any Subsidiaries.

EXHIBIT "H"

Consolidated Balance Sheet and Statement of Income and Expense
for the months of September and November, 1975

Consolidated Balance Sheets, Statements of Income (Loss) and
Statements of Changes in Financial Position - May 31, 1975
and 1974

Consolidated Balance Sheet, Statement of Income and Statement
of Financial Condition - May 31, 1973

Balance Sheets, Statements of Income and Retained Earnings and
Statements of Changes in Financial Position - Parker Brothers
& Co., Inc. - May 31, 1972 and 1971